

Registered number 10269432

Electric Glass Fiber UK, Limited
Annual report and financial statements
for the period ended 31 December 2017

Electric Glass Fiber UK, Limited

Annual report and financial statements for the period ended 31 December 2017

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Electric Glass Fiber UK, Limited

Directors and advisers

Directors

B K Stewart

Registered office

PO Box 132

Leigh Road

Hindley Green

Wigan

Lancashire

WN2 4XZ

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Central Square

29 Wellington Street

Leeds

LS1 4DL

Electric Glass Fiber UK, Limited

Strategic report for the period ended 31 December 2017

The Directors present their strategic report on the company for the period ending 31 December 2017.

Principal activity

The company's principal activity is the manufacture of fibreglass products for sale to third party customers serving the composite materials market.

Review of the business

The Company is a wholly owned subsidiary of Nippon Electric Glass Co., Ltd, a Tokyo stock exchange listed Company with it's Head Office at 7-1, Seiran 2-chome, Otsu, Shiga 520-8639, Japan.

Electric Glass Fiber UK Ltd operates as part of the Glass Fibers product group. The company was formed after Nippon Electric Glass Co., Ltd acquired the UK fibreglass business from PPG Industries Inc on 1st October 2016.

Risk management

We monitor the financial position of all our critical suppliers and customers and continue to maintain strong customer credit management procedures to mitigate the risk of any significant loss. We have developed a broad customer base and identified key strategic customers to mitigate credit exposure risks.

Competitive pressure continues to be a risk to the company which could result in losing sales to its key competitors. The Company manages this risk by providing high quality products to its customers, whilst continually improving manufacturing and quality processes. The parent company has acquired a US based fiberglass business to support a global manufacturing platform and market.

Future developments

Moving forward, the business continues to concentrate on product development, and steady sustainable improvements in market share. Plans are underway to rebuild one of the furnaces and upgrade IT infrastructure to secure the business sustainability for the future.

On behalf of the Board



B K Stewart
Director
19 April 2018

Electric Glass Fiber UK, Limited

Directors' report for the period ended 31 December 2017

The directors present their report and audited financial statements of the company for the period ended 31 December 2017.

Date of incorporation and commencement of trade

The company was incorporated on 8 July 2016 and commenced trade following the acquisition of the UK fibreglass business of PPG Industries Inc on 1 October 2016.

Results and dividends

The profit for the financial period amounted to £5,227,000. During the period no dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors of the company who held office during the period and up to the date of signing the financial statements are given below:

B K Stewart (appointed 1 October 2016)

H Takeuchi (appointed 8 July 2016, resigned 1 October 2016)

Political and charitable donations

During the period, the Company made contributions to United Kingdom charitable organisations amounting to £460. There were no political donations in the period.

Financial risk management

Competitive pressure and changing market dynamics continue to be a risk to the company which could result in losing sales to key competitors and lower sales due to changes in demand. The company manages this risk by focusing on manufacturing high quality products and providing technical support services to maintain strong customer relationships. Rising materials costs, energy costs, and utility cost puts constant pressure to reduce manufacturing costs to maintain business sustainability. The company continues to identify new technologies to improve process efficiency, labour utilization and energy reduction to help off-set escalating prices. Our competitors in Europe experience the same cost pressures from non-european suppliers and help support anti-dumping cases to mitigate these risks.

We maintain strong relationships with our key suppliers and monitor the financial position to reduce risk of any significance. We are dependent on a few sole suppliers, so need to ensure we maintain healthy professional relationships with these suppliers for the sustainability of the business. The same is true for our customer base as three key customers account for over 50% of the business turnover.

The company has been self-financed in 2017, not requiring any short-term debt to any third party.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The company is part of a group that has strategic objectives focused on long term growth, and has long term contracts with customers in a number of different geographic areas. Consequently, the directors believe that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the report and financial statements.

Electric Glass Fiber UK, Limited

Directors' report for the period ended 31 December 2017 (continued)

Environment

Preservation of the global environment is extremely important and indispensable for the prosperity of civilization and humanity in the 21st century. Nippon Electric Glass, upholding the Corporate Philosophy of “to build a brighter future for the world by uncovering the unlimited possibilities of glass for more advanced creative manufacturing” and adhering to “consideration for the environment” as one of its essential corporate values, strives to be and remain the world’s leading manufacturer of special glass by ensuring the state-of-the-art technological development, the highest quality standards, efficient production, and steady product supply. Nippon Electric and its group companies are committed to contributing to the preservation of the global environment and realization of a recycling-based society by adopting high-efficiency and environmentally responsible processes.

Qualifying third-party indemnity provision

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 financial period and is currently in force and up to the date of approval of the financial statements. The Company also purchased and maintained throughout the financial period Directors’ and Officers’ liability insurance in respect of itself and its Directors.

Employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors concerning the performance of the company. This is achieved through regular meetings and newsletters. In addition, employee representatives are consulted on issues affecting their interests on a regular basis.

The company operates non-discriminatory employment policies and does not discriminate on any grounds including age, race, religion, sex or disability. Applications for employment are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that the appropriate training is provided where necessary. It is the policy of the company that the career development of disabled persons should, as far as possible, be identical to that of other employees.

Electric Glass Fiber UK, Limited

Directors' report for the period ended 31 December 2017 (continued)

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 period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 United Kingdom Accounting Standards, comprising FRS 102, 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



B K Stewart
Director
19 April 2018

Electric Glass Fiber UK, Limited

Independent auditors' report to the members of Electric Glass Fiber UK, Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Electric Glass Fiber UK, Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the 18 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 balance sheet as at 31 December 2017; the profit and loss account and the statement of changes in equity for the 18 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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.

Electric Glass Fiber UK, Limited

Independent auditors' report to the members of Electric Glass Fiber UK, Ltd (continued)

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.

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 period ended 31 December 2017 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 7, 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.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
19 April 2018

Electric Glass Fiber UK, Limited

Profit and loss account for the period ended 31 December 2017

	Note	2017 £'000
Turnover	5	65,608
Cost of sales		(56,050)
Gross profit		9,558
Selling and distribution costs		(3,286)
Administrative expenses		(3,685)
Amortisation of negative goodwill		2,618
Other operating income		779
Operating profit	6	5,984
Interest payable and similar expenses		(1)
Profit before taxation		5,983
Tax on profit for the period	8	(756)
Profit for the financial period		5,227

All items dealt with in arriving at profit for the financial period above relate to continuing operations.

No separate statement of comprehensive income has been presented as all such gains and losses for the period have been dealt with in the profit and loss account.

There is no material difference between the profit before taxation and the profit for the financial period stated above and their historical cost equivalents.

Electric Glass Fiber UK, Limited**Balance sheet as at 31 December 2017**

	Note	2017 £'000	2017 £'000
Fixed assets			
Negative goodwill	9		(18,326)
Intangible assets	10		8,558
Tangible assets	11		43,111
			33,343
Current assets			
Inventories	12	7,964	
Debtors	13	7,174	
Cash at bank and in hand		4,770	
			19,908
Creditors – amounts falling due within one year	14		(13,179)
Net current (liabilities)/assets			6,729
Total assets less current liabilities			40,072
Provisions for liabilities	15		(4,768)
Net assets			35,304
Capital and reserves			
Called up share capital	16		30,077
Profit and loss account			5,227
Total equity			35,304

The notes on pages 13 to 26 are an integral part of these financial statements.

The financial statements on pages 10 to 26 were approved by the board of directors on 19 April 2018 and were signed on its behalf:



B K Stewart
Director
 Electric Glass Fiber UK, Limited
 Registered number 10269432

Electric Glass Fiber UK, Limited**Statement of changes in equity for the period ended 31 December 2017**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at incorporation	30,077	-	30,077
Profit for the financial period and total comprehensive income for the period	-	5,227	5,227
Balance at 31 December 2017	30,077	5,227	35,304

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017

1 General information

Electric Glass Fiber UK, Limited is a manufacturer of fibre glass products for the composite materials market. The company is a private company limited by shares and is incorporated in England. The address of its registered office is PO Box 132 Leigh Road, Hindley Green, Wigan, Lancashire, WN2 4XZ.

2 Statement of compliance

The financial statements of Electric Glass Fiber UK, Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

b) Exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions, permitted under FRS 102;

- the requirement to disclose a cash flow statement;
- the requirement to disclose a financial instruments note; and
- the requirement to disclose the company's key management personnel compensation.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

3 Summary of significant accounting policies (continued)

c) Foreign currency

The financial statements are presented in pounds sterling. The company's functional and presentation currency is the pound sterling. Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of transactions.

At each period end foreign currency monetary items are translated into sterling using the closing rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts, rebates and value added taxes.

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance.

e) Employee benefits

The company provides a range of benefits to employees including paid holiday arrangements and a stakeholder pension scheme. All costs associated with these benefits are recognised as an expense in the period in which the service is received.

f) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences 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.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

3 Summary of significant accounting policies (continued)

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

g) Negative goodwill and intangible assets

Negative goodwill arising on acquisition of a business represents the difference between the cost of acquisition and the aggregate fair value of identifiable net assets (including other intangible assets) of the assets and liabilities of a business at the date of acquisition. It is amortised on a straight line basis over the average economic life of the assets to which it relates. All material intangible fixed assets obtained on acquisition have been recognised separately in the financial statements.

Other intangible assets acquired on acquisition of a business are stated at their fair value at the date of acquisition less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight line basis at the following rates: -

Negative goodwill	10 years
Customer relationships	10 years
Software	10 years
Licences	5 years

The carrying value of intangible assets is reviewed for impairment whenever events indicate that the carrying value may not be recoverable.

h) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bring the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation on assets is calculated using the straight-line method to allocate the depreciable amount to their residual values over their estimated useful lives as follows: -

Freehold property	10 - 30 years
Plant and machinery	2 - 22 years
Fixtures and fittings	2 - 7 years
Assets under construction	Not depreciated

Land is not depreciated. On completion, assets under construction are transferred to their relevant category and depreciated over their useful economic life as shown above.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

3 Summary of significant accounting policies (continued)

i) Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

j) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. At the end of each reporting period inventories are assessed for impairment.

k) Cash and cash equivalents

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

l) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

3 Summary of significant accounting policies (continued)

m) Financial instruments

The company has adopted Section 11 of FRS 102 in respect of financial instruments. The Company currently has no complex financial instruments under Section 12 of FRS 102.

n) Financial assets and liabilities

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another part or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one period or less. If not they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and where there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

o) Share Capital

Ordinary shares are classified as equity.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

3 Summary of significant accounting policies (continued)

p) Related party transactions

The Company discloses transactions with related parties outside of the consolidated group. It has taken the exemption from disclosing transactions with its parent or fellow wholly owned group companies as afforded by FRS 102 paragraph 33.1A.

q) Research and development

Research and development expenditure is written off to the profit and loss account as incurred.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

(i) Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives. The useful economic lives are re-assessed annually and are amended when necessary to reflect current estimates, based on the Company's financial performance and position and actual experience of the performance of those assets. See note 10 for the net carrying amount of intangible assets.

(ii) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the net carrying amount of tangible assets.

(iii) Inventory provisioning

It is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of inventory items. See note 10 for the net carrying amount of the inventory and associated provision.

(iv) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

5 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.

A geographical analysis of turnover is analysed as follows:

Geographical market	2017 £'000
UK	4,208
Europe	61,400
	65,608

6 Operating profit

	2017 £'000
Operating profit is stated after charging/(crediting):	
Wages and salaries	11,030
Social security costs	1,192
Other pension costs	791
Staff costs	13,013
Operating lease charges	1,186
Amortisation of intangible assets:	
- Negative goodwill	(2,618)
- Other assets	1,527
Depreciation of tangible fixed assets:	
- Owned by the company	4,882
Fees payable to the company's auditors in respect of:	
- Audit of the financial statements	31
- Tax compliance	5
- Other non-audit services	5

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

7 Employee information

The average monthly number of employees (including directors) employed by the company during the period was as follows:

	2017 No.
Production	179
Sales and distributions	4
Administrative and management	47
	230

Directors' remuneration

	2017 £'000
Aggregate emoluments	429

The highest paid director received aggregate remuneration of £429k during the period.

The company made contributions to a defined contribution pension scheme on behalf of 1 director in the period totalling £27k.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

8 Tax on profit

a) Tax expense included in profit or loss

	2017 £'000
Current tax:	
UK corporation tax on profit for the financial period	1,482
Total current tax	1,482
Deferred tax	
Origination and reversal of timing differences	(726)
Total deferred tax (note 15)	(726)
Tax on profit for the period	756

b) Reconciliation of tax charge

The tax assessed for the period is lower than the standard effective rate of the corporation tax in the UK for the period ended 31 December 2017 of 19.40%. The differences are explained as below:

	2017 £'000
Profit before taxation	5,983
Tax on profit at standard UK corporation tax rate of 19.4%	1,161
Effects of:	
Income not taxable	(508)
Tax rate differences	103
Tax on profit on ordinary activities	756

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

8 Tax on profit (continued)

Tax rate changes

The rate of UK main corporation tax changed from 20% to 19% from 1 April 2017, giving a composite rate of 19.4% for the period ended 31 December 2017.

A change to the UK corporation tax was announced in the Chancellor's Budget on 16 March 2017. The change announced is to reduce the main rate to 17% effective from 1 April 2020. As these changes had been substantively enacted at the balance sheet date their effects are included in these financial statements. Specifically, deferred tax balances are carried forward at 17%, on the assumption that these will predominantly unwind after 1 April 2020.

9 Negative goodwill

Negative goodwill with an initial value of £20,944,000 represents the difference between the price paid and the fair value of assets acquired on the purchase of the company's fibre glass manufacturing facility located at Hindley Green, Wigan on 30 September 2016. It is being amortised over the useful economic life of the assets to which it relates, being an average period of 10 years.

10 Intangible assets

	Software £'000	Licences £'000	Customer relationships £'000	Other intangible assets £'000	Total £'000
Cost					
At incorporation	-	-	-	-	-
Additions on acquisition of business	211	2,272	7,515	87	10,085
At 31 December 2017	211	2,272	7,515	87	10,085
Accumulated depreciation					
At incorporation	-	-	-	-	-
Charge for the period	11	568	939	9	1,527
At 31 December 2017	11	568	939	9	1,527
Net book value					
At 31 December 2017	200	1,704	6,576	78	8,558

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

11 Tangible assets

	Freehold land & buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost					
At incorporation	-	-	-	-	-
Additions on acquisition of business	26,729	19,195	-	182	46,106
Additions	-	640	-	1,247	1,887
Transfers	-	20	107	(127)	-
At 31 December 2017	26,729	19,855	107	1,302	47,993
Accumulated depreciation					
At incorporation	-	-	-	-	-
Charge for the period	1,260	3,568	54	-	4,882
At 31 December 2017	1,260	3,568	54	-	4,882
Net book value					
At 31 December 2017	25,469	16,287	53	1,302	43,111

12 Inventories

	2017 £'000
Raw materials and consumables	2,508
Work in progress	156
Finished goods	5,300
	7,964

There is no significant difference between the replacement cost of work in progress and their carrying amounts.

Inventories are stated after provisions for impairment of £612,000.

Electric Glass Fiber UK, Limited**Notes to the financial statements for the period ended 31 December 2017 (continued)****13 Debtors**

	2017 £'000
Trade debtors	5,322
Other debtors	1,316
Prepayments and accrued income	536
	7,174

Trade debtors are stated after provisions for impairment of £57,000.

14 Creditors - amounts falling due within one period

	2017 £'000
Trade creditors	5,684
Other creditors	353
Amounts owed to fellow group companies	265
Corporation tax	1,482
Other taxation and social security	184
Accruals and deferred income	5,211
	13,179

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

15 Provisions for liabilities

The company had the following deferred tax positions during the period:

	Deferred tax liability £'000
At incorporation	-
On acquisition of business	5,494
Deferred tax credit to income statement for the period	(726)
At 31 December 2017	4,768

Deferred tax

The deferred tax provision consists of the following deferred tax liabilities:

	2017 £'000
Tangible asset timing differences	3,639
Intangible asset timing differences	1,129
Total provision	4,768

£581,000 of the deferred tax liability is expected to reverse within the next 12 months. All other deferred tax amounts are expected to reverse after more than 12 months.

16 Financial commitments

At 31 December 2017 the company was committed to future minimum lease payments as follows:

	Other 2017 £'000
Within one period	542
Between two and five periods	589
In over five periods	-
	1,131

Electric Glass Fiber UK, Limited

Notes to the financial statements for the period ended 31 December 2017 (continued)

17 Called up share capital

	2017 £'000
Allotted, called up and fully paid	
30,077,433 ordinary shares of £1 each	30,077

18 Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

19 Ultimate parent undertaking

The immediate and ultimate parent undertaking is Nippon Electric Glass Co., Ltd, a company registered in Japan, by virtue of its 100% shareholding which is the smallest and largest group to consolidate these financial statements. Copies of the Nippon Electric Glass Co., Ltd consolidated financial statements can be obtained from 7-1, Seiran 2-chrome, Otsu, Shiga 520-8639, Japan.