

Registered number 10269432

Electric Glass Fiber UK, Limited
Annual report and financial statements
for the year ended 31 December 2020

Electric Glass Fiber UK, Limited

Annual report and financial statements for the year ended 31 December 2020

Contents

Directors and advisers	3
Strategic report for the year ended 31 December 2020	4
Director's report for the year ended 31 December 2020	8
Independent auditor's report to the members of Electric Glass Fiber UK, Ltd.....	11
Statement of Comprehensive Income for the year ended 31 December 2020	15
Balance sheet as at 31 December 2020.....	16
Statement of changes in equity for the year ended 31 December 2020	17
Notes to the financial statements for the year ended 31 December 2020	18

Directors and advisers

Directors

B K Stewart (Resigned 1st June 2020)

S Keeton (Appointed 1st June 2020)

Registered office

Leigh Road

Hindley Green

Wigan

Lancashire

WN2 4XG

Independent auditor

KPMG LLP

Chartered Accountants and Statutory Auditors

8 Princes Parade

Liverpool

L3 1QH

Strategic report for the year ended 31 December 2020

The director presents his strategic report on the Company for the year ended 31 December 2020.

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 its 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 division within Nippon Electric Glass Co., Ltd.

The Company reported an operating loss of (£1,449k) for the year, however this was a significant improvement over the (£5,208k) operating loss in 2019.

When the Covid-19 pandemic hit the UK in late Q1 business revenues were affected, and this continued throughout Q2 and Q3, which saw revenues drop by 14% and 4% respectively. The Company maintained all operations throughout the pandemic, and costs were kept tightly under control. In Q4, customer demand was 28% higher than Q1 levels, and the company returned to profitability for the final quarter.

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. In addition, the company offered some suppliers cash discount finance arrangements in order to assist with their own cashflow and also the Company's.

During Q1 2020 the Covid-19 pandemic swept across the globe, and the Company took all the recommended measures to minimise health and safety risk to employees, whilst maintaining manufacturing operations, and key support staff worked from home where they were able to.

Competitive pressure continues to be a risk to the Company which resulted in losing sales to key competitors in the first 3 quarters of the year. In Q4, however, demand for fibre glass products outstripped supply in Europe, and the Company was able to regain some ground, as European economies recovered from the Covid-19 pandemic. Our competitors in Europe experience the same cost pressures from non-European suppliers and help support anti-dumping cases to mitigate these risks. Early in 2020 the EU imposed tariffs ranging from 20% to 100% on glass fibre imports into the EU from China and Egypt. The Company manages this risk by providing high quality products to its customers, whilst continually improving manufacturing and quality processes.

The Company considered the impact of Brexit during 2020 and made arrangements to store inventory closer to its customer locations within the EU towards the end of 2020 in order to mitigate any potential delays in exporting from the UK. This mitigation was largely successful during early 2021, and the Company does not consider any other long-term risk to demand for its products in the EU as a result of Brexit.

Events Since the Balance Sheet Date

See note 20 below.

Future developments

Moving forward, the business will concentrate on improving product quality and performance, cost reduction, new product development, and steady sustainable improvements in market share.

Strategic report for the year ended 31 December 2020 (continued)

Key Performance Indicators

The business monitors performance using a Plant Performance Indicator Report which includes monthly tracking of Operating Profit, Recordable Accidents, Headcount and Inventory days. The position of these KPIs at 31 December 2020 is shown below:

KPI	Y/E 31/12/2020	Y/E 31/12/2019
Operating Profit / (Loss) (£000's)	(£1,449k)	(£5,208)
Recordable Accidents	6	9
Headcount	251	265
Inventory Days	61	73

- Operating loss for the year was an improvement on 2019 due to tighter control over factory costs and improved factory performance
- Recordable Accidents were reduced from 2019 levels due to a focus on site Health & Safety
- Headcount was lower than the previous year due to tighter control over factory costs, and reduced manning during the Covid-19 pandemic.
- Improved stock control in the year, and higher demand in Q4 resulting in lower year-end inventory led to an improvement in Inventory days

Energy & Carbon Reporting

Energy & Carbon Reporting 2020	
Annual Emissions From Gas & Fuel (Scope 1)	Tonnes of CO2
Combustion of Gas	25,206
Consumption of fuel for transport	27
Annual Emissions From Electricity (Scope 2)	Tonnes of CO2
Purchased electricity	14,884
Total Scope 1 & 2 emissions	40,117
Total Energy Consumed (Scope 3)	MWh
Total of Scope 1 & 2 (MWh)	200,457
Ratio of CO2/Tonne of Finished Goods production	0.79

Methodologies Used for Energy & Carbon Reporting

The Company uses UK Government Greenhouse Gas (GHG) Conversion tables for all calculations in this report, and records the results in a utilities database.

Gas consumption is recorded in gross kWh and the database converts to kWh net before applying a net CO2 emission factor of 0.20374kg CO2/kWh as per the GHG guidelines.

Electricity consumption is recorded in kWh and the database applies a factor of 0.23314kg CO2e/kWh as per the GHG guidelines.

Strategic report for the year ended 31 December 2020 (continued)

Similar factors were also applied in the calculation of CO₂ used for transport. This applies to fuel used for on-site transportation use, and also where employees use either company or private vehicles for business use.

The Company uses a ratio of CO₂ per metric tonne of finished goods production, which is shown above.

The Company is committed to continual improvements in energy efficiency and carbon management.

During 2020 the company has installed more efficient chilling equipment in its production process, and has also replaced florescent lighting with modern LED lighting across the whole site.

In addition, market-based electricity is bought as part of a Renewable Energy Guaranteed Origin (REGO) contract.

Section 172 Companies Act 2006

This report sets out how the director complies with the requirements of Section 172 Companies Act 2006 and how these requirements have impacted the director's decision making throughout 2020.

The Role of the director

The director's primary responsibility is to promote the long-term success of the Company by creating and delivering sustainable shareholder value as well as contributing to wider society. The successful delivery of the long-term plans relies on key inputs and positive relationships with a wide range of stakeholders. The director seeks to achieve this by setting out the Company's strategy, monitoring performance against the Company's strategic objectives and reviewing the implementation of the strategy. A formal schedule of matters reserved for EU Board approval is maintained and reviewed regularly for operational relevance. This includes the determination of the Company's strategy and long-term direction, reviewing health and safety performance, approval of budgets, capital expenditure, organisational changes (including new business ventures, the acquisition or disposal of assets) and changes in key policies. The director also monitors the effectiveness of the Company's systems of internal control, governance and risk management, and participates with Nippon Electric Glass Co, Ltd Group in an annual J-SOX Audit.

Activities of the director in 2020

The director operates a forward agenda of standing items appropriate to the Company's operating and reporting cycles. Items requiring EU Board approval or endorsement are defined clearly. Other items are for monitoring or reviewing progress against strategic priorities, risk management or the adequacy of internal controls. Engaging with stakeholders to deliver long term success is a key area of focus for the director and all decisions take in to account the impact on stakeholders. Views of stakeholders are gathered in EU Board papers and inform the decisions made in EU Board meetings. Obviously, stakeholders are impacted by, or benefit from, decisions made by the EU Board in different ways. However, it is the EU Board's priority to ensure that the director has acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole with regard to all its stakeholders and to the matters set out in paragraphs a-f of Section 172 of the Companies Act 2006. These details are set in the notes below.

Section 172 (a) The likely consequence of any decision in the long-term.

The director and the EU Board annually approve the three-year plan (the latest being 2020-2022) and monitors its implementation throughout the year using detailed reports on operating and financial performance. This includes monitoring progress against key strategic programmes (both short-term and long-term) as well as considering the allocation of capital to support the rolling three year-business plan. The EU Board has agreed a set of targets for the acceptable level of financial resilience and liquidity and reviews the Company's forecast funding requirements and financing options that are required to deliver the desired targets.

Strategic report for the year ended 31 December 2020 (continued)

Section 172 (b) The interest of the company's employees.

The director understands the importance of the Company's employees to the long-term success of the business. The health and safety of the Company's employees (and other stakeholders) remains its main priority and the director reviews the performance in this area at each scheduled meeting.

The Company maintained operations during the Covid-19 pandemic, and across the Company implemented all relevant Government guidelines to help prevent the spread of the virus.

The director and Senior Leadership Team hold weekly Management / Employee meetings, monthly meetings with the recognised Trade Unions, and brief all staff on company performance on a quarterly basis.

The Company runs a Recognition Scheme, where nominated employees are recognised for performance over and above their normal duties; and also promotes healthy activities and healthy lifestyle managed by a Wellness Team, as well as providing free on-site gym facilities for eligible employees.

Section 172 (c) The need to foster the company's business relationships with suppliers, customers and others.

The director regularly reviews how the Company maintains positive relationships with all its stakeholders, including suppliers, customers and others. The director and key employees are members of the British Glass Federation, and regularly interact with suppliers, customers, and competitors.

Section 172 (d) The impact of the company's operations on the community and environment

The Company considers the community and environment in which it operates in all matters of its operations and as such has a comprehensive set of Environmental Policies which are regularly reviewed and updated through its Environmental Health & Safety Management system.

Section 172 (e) The desirability of the company maintaining a reputation for high standards of business conduct.

The Company maintains high standards of business conduct and operates under an "NEG Group Principles of Activities." The principles promote high ethical standards, respect for human rights and a code of conduct for all Group employees when conducting business transactions.

In addition, the company has separate policies for Data Protection, GDPR, a Whistleblowing Policy and Whistleblowing Hotline.

All these documents are maintained and visible on an accessible SharePoint system.

Section 172 (f) The need to act fairly between members of the company

The Company is a member of Nippon Electric Glass Co., Ltd, Japan and abides by the "NEG Group Principles of Activities." The principles are regularly reviewed and are maintained by the NEG Compliance Committee, which reports to the main NEG Board.

On behalf of the Board



S Keeton
Director

28 September 2021

Director's report for the year ended 31 December 2020

The director presents his report and audited financial statements of the company for the year ended 31 December 2020.

Results and dividends

The loss for the financial year amounted to £1,066,000 (2019: £45,066,000).

During the year no dividends were paid. The director does not recommend payment of a final dividend.

Directors

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

B K Stewart (Resigned 1st June 2020)

S Keeton (Appointed 1st June 2020)

Political and charitable donations

During the year, the Company made contributions to United Kingdom charitable organisations amounting to £530 (2019: £2,243). There were no political donations in the year.

Financial risk management

Competitive pressure and changing market dynamics continue to be a risk to the Company which resulted 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 coupled with reducing market price and surplus capacity puts constant pressure on reducing 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. Early in 2020 the EU imposed tariffs ranging from 20% to 100% on glass fibre imports into the EU from China and Egypt.

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 continued to require some short-term commercial and intra-group loans in 2020, primarily due to the expense involved in rebuilding one of the furnaces during 2018. The details are shown in note 14 under the creditors section of the notes to the financial statements.

The Company has a high exposure to foreign exchange risk with the Euro v GBP rate as most of the Company's sales are to the EU, as such the Company actively engages in forward FX hedge contracts to minimise the risk.

Going concern

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.

Director's report for the year ended 31 December 2020 (continued)

Notwithstanding net current liabilities of £8,188,000 as at 31 December 2020 and a loss for the year then ended of £1,455,000, the financial statements have been prepared on a going concern basis which the director considers to be appropriate for the following reasons.

The director has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the impact of Covid-19 the Company will have sufficient funds, through current working capital and in downside cases funding from its ultimate parent company, Nippon Electric Glass Co., Ltd to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Nippon Electric Glass Co., Ltd to meet its obligations in respect of external bank loans by way of bank guarantees (as set out in note 14) and not seeking repayment of the amounts currently due to the group, which at 31 December 2020 amounted to £6,306,710, and providing additional financial support during that period. Nippon Electric Glass Co., Ltd has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not do so.

Consequently, the director is confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

Accordingly, the directors continue to adopt the going concern basis in preparing the report and financial statements.

Environment

Nippon Electric Glass upholds the Corporate Philosophy “to build a brighter future for the world by uncovering the unlimited possibilities of glass for more advanced creative manufacturing” and adheres to “consideration for the environment” as one of its essential corporate values. It also 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 Glass 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. Capital investment was acquired to install, commission and operate an emission control system on the rebuild furnace demonstrating the commitment to protect the environment along with reduced CO2 emission glass melting technologies.

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 union 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.

Director's report for the year ended 31 December 2020 (continued)

Employees (continued)

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.

Statement of director's responsibilities

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The director is 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. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirms that, so far as he 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



S Keeton
Director

28 September 2021



KPMG LLP
8 Princes Parade
Liverpool
L3 1QH
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRIC GLASS FIBER UK, LTD.

Opinion

We have audited the financial statements of Electric Glass Fiber UK, Ltd. ("the company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The director has prepared the financial statements on the going concern basis as he does not intend to liquidate the company or to cease its operations, and as he has concluded that the company's financial position means that this is realistic. He has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the director's conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRIC GLASS FIBER UK, LTD.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the director and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, including the Company’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board meeting minutes;
- Considering remuneration incentive schemes and performance targets for the director; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures as the company is loss making, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that revenue is recorded in the wrong period, due to there being long lead times between dispatch and goods receipt for some non-UK customers; and
- the risk that Company management may be in a position to make inappropriate accounting entries due to judgement involved in estimating the revenue associated with the goods received by the year-end, and the risk of bias in this accounting estimate.

We also identified a fraud risk related to the carrying value of fixed assets in response to possible pressures to retain the current asset values as there was a group wide impairment exercise conducted in the prior year.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual offset accounts when posted to revenue or cash and borrowings, and those with descriptions that could indicate fraudulent posting;
- Performing specific revenue-cut off procedures to assess the appropriateness of the revenue recognition date; and
- Assessing significant accounting estimates for bias, including estimates related to the carrying value of fixed assets.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the director and other management (as required by auditing standards), and from inspection of the Company’s regulatory and legal correspondence and discussed with the director and other management the policies and procedures regarding compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRIC GLASS FIBER UK, LTD.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the director and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and director's report

The director is responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRIC GLASS FIBER UK, LTD.

- 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 these respects.

Director's responsibilities

As explained more fully in his statement set out on page 10, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 he either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Carla Kennaugh (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

28 September 2021

Electric Glass Fiber UK, Limited

Statement of Comprehensive Income for the year ended 31 December 2020

		2020	2019
	Note	£'000	£'000
Turnover	6	43,967	47,436
Cost of sales		(38,481)	(44,785)
Gross profit		5,486	2,651
Selling and distribution costs		(3,225)	(3,555)
Administrative expenses		(4,344)	(4,286)
Other Operating Income / (Expense)		634	(18)
Operating Loss	7	(1,449)	(5,208)
Exceptional Items			
Impairment of Assets	3(c),7	-	(43,230)
Interest payable and similar expenses		(247)	(289)
Loss before taxation		(1,696)	(48,727)
Tax on Loss	9	241	3,661
Loss for the financial year		(1,455)	(45,066)
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges		480	-
Tax on cashflow hedges		(91)	-
Total Comprehensive Income for the Year		(1,066)	(45,066)

The notes on pages 18 to 36 are an integral part of these financial statements.

All items dealt with in arriving at Comprehensive Income for the financial years above relate to continuing operations.

Electric Glass Fiber UK, Limited

Balance sheet as at 31 December 2020

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Intangible assets	3(c),10		990		1,251
Tangible assets	3(c),11		14,091		13,179
			15,081		14,430
Current assets					
Inventories	12	6,476		7,751	
Debtors	13	9,606		6,749	
Cash at bank and in hand		2,553		2,683	
			18,635		17,183
Creditors – amounts falling due within one year	14		(26,823)		(23,745)
Net current (liabilities)			(8,188)		(6,562)
Total assets less current liabilities			6,893		7,868
Provisions for liabilities	15		(91)		-
Net assets			6,802		7,868
Capital and reserves					
Called up share capital	17		30,077		30,077
Capital contribution			20,944		20,944
Retained Earnings			(44,219)		(43,153)
Total equity			6,802		7,868

The notes on pages 18 to 36 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 28 September 2021 and were signed on its behalf by:

S Keeton

Director

Electric Glass Fiber UK, Limited

Registered number 10269432

Electric Glass Fiber UK, Limited

Statement of Changes in Equity

	Called up share capital £'000	Capital contribution £'000	Retained Earnings £'000	Total equity £'000
Balance at 1 January 2020	30,077	20,944	(43,153)	7,868
(Loss) for the financial year	-	-	(1,455)	(1,455)
Other comprehensive income	-	-	389	389
Total comprehensive income	-	-	(1,066)	(1,066)
Balance at 31 December 2020	30,077	20,944	(44,219)	6,802

	Called up share capital £'000	Capital contribution £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2019	30,077	20,944	1,913	52,934
(Loss) for the financial year	-	-	(45,066)	(45,066)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(45,066)	(45,066)
Balance at 31 December 2019	30,077	20,944	(43,153)	7,868

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020

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 Leigh Road, Hindley Green, Wigan, Lancashire, WN2 4XG.

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. The presentation currency is in GBP 000's throughout these statements.

3 Summary of significant accounting policies

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

a) Basis of Preparation

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.

Going Concern

Notwithstanding net current liabilities of £8,188,000 as at 31 December 2020 and a loss for the year then ended of £1,066,000, the financial statements have been prepared on a going concern basis which the director considers to be appropriate for the following reasons.

The director has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through current working capital and in downside cases funding from its ultimate parent company, Nippon Electric Glass Co., Ltd to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Nippon Electric Glass Co., Ltd to meet its obligations in respect of external bank loans by way of bank guarantees (as set out in note 14) and not seeking repayment of the amounts currently due to the group, which at 31 December 2020 amounted to £6,306,710, and providing additional financial support during that period. Nippon Electric Glass Co., Ltd has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not do so.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

Consequently, the director is confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Critical accounting estimates

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, as the results are consolidated into the NEG, Japan Group accounts which are prepared in accordance with IFRS, 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 related party transactions;
- the requirement to disclose a financial instruments note; and
- the requirement to disclose the company's key management personnel compensation.

c) Impairment Accounting Policy

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed by the Company in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the asset for which the estimated cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, then the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Any impairment less in excess of the asset or cash-generating unit's revaluation reserve is recorded in profit or loss.

Recognised impairment losses are reversed if and only if the reasons for the impairment loss have ceased to apply. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset or cash-generating unit is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

d) 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 year 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.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, 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, and receipt of goods supplied by the customer.

f) 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 year in which the service is received.

g) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. 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 comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

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 year end and that are expected to apply to the reversal of the timing difference.

h) Intangible assets

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: -

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. See note 3(c).

i) 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.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

The assets' residual values, useful lives and impairment values are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. See note 3(c).

j) 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.

k) 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.

(i) 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.

(ii) 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.

l) Inventories

Raw materials, work in progress and finished goods values are stated at the lower of fully absorbed standard cost or net realisable value. At the end of each reporting period inventories are assessed for impairment.

m) 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.

n) Provisions

Provisions are recognised when the Company 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 year ended 31 December 2020 (continued)

o) Financial instruments

The Company has adopted Section 11 of FRS 102 in respect of financial instruments. The company currently has forward currency contracts which are accounted for under Section 12 of FRS 102. Such contracts are categorised as hedging instruments in a designated hedging arrangement and are accounted for in line with accounting policy (p)(iv) below.

p) 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 year 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.

(iv) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively, when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately

q) Share Capital

Ordinary shares are classified as equity.

r) Capital Contribution Reserve

Capital Contribution reserve was created at acquisition by Nippon Electric Glass Co, Ltd, and is a distributable reserve.

s) Retained Earnings

Retained earnings is the balance of retained earnings carried forward, and is a distributable reserve.

t) 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.

u) Research and development

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

v) Exceptional Items

Exceptional items are identified in accordance with UK GAAP and noted on the profit and loss account below operating profit or loss.

w) Dividends

Dividends are determined by the Company's sole shareholder Nippon Electric Glass Co., Ltd, a company registered in Japan and are recorded on the profit and loss account under Other Comprehensive Income.

x) Transfer Pricing

Sales of products to other companies within the Nippon Electric Glass Group are made using a cost plus method to determine price.

y) Carbon credits

Carbon credits are sold or purchased on the open market when it is clear that a surplus or deficit for the year has arisen. This will be reflected in the Company's accounts at the end of each financial year at the closing market price from the link : <https://www.investing.com/commodities/carbon-emissions>

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

z) Capital Contribution

The Capital contribution reserve relates to an injection of share capital made by the ultimate parent entity, Nippon Electric Glass Co., Ltd, during 2016 which was used to fund the acquisition of the UK fiberglass business from PPG Industries Inc.

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 year are addressed below.

(i) 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.

(ii) Impairment of Assets

A detailed impairment review in respect of fixed assets was performed by management during 2019 which resulted in an impairment to tangible and intangible fixed assets of £43.2m which was recorded in profit or loss. During Q4 2020, a further impairment review of fixed assets was performed by management. The recoverable amount was determined based on the fair value less costs to sell of the relevant assets. The fair value of land was based on an external valuation and reasonable estimates were made of any disposal costs as required by the accounting standard. The Company uses a significant value of precious metal in its production process, primarily platinum and rhodium, and the fair values of these metals are readily available. Estimates of disposal costs were also included. The result of the impairment review was that there was sufficient headroom between the recoverable amount of the relevant assets and their carrying amounts and therefore no further impairment losses were required to be recorded at the balance sheet date. Although the values of precious metals are subject to market movements, the prices have continued to rise beyond the balance sheet date. Further, management considered whether the reasons for the impairment loss had ceased to apply such that it would be appropriate to reverse all or part of the impairment loss recorded during 2019. However, based on the results of management's review, the reasons for the impairment loss were not considered to have ceased to apply and as such it was not considered appropriate to reverse all or part of the impairment loss recorded during 2019.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

5 Other accounting judgements and estimates

(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) 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 12 for the net carrying amount of the inventory and associated provision.

(iii) 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 13 for the net carrying amount of the debtors and associated impairment provision.

6 Turnover

Turnover represents the amounts derived from the provision of goods 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	2020 £'000	2019 £'000
UK	1,807	1,423
Rest of World	2,952	3,185
Europe	39,208	42,828
	43,967	47,436

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Expenses

	2020 £'000	2019 £'000
Operating loss is stated after charging:		
Operating lease charges	1,274	989
Foreign Exchange Gains	616	336
Amortisation of intangible assets:		
- Other assets	261	1,268
Depreciation of tangible fixed assets:		
- Owned by the company	1,429	5,523
Fees payable to the company's auditor in respect of:		
- Audit of the financial statements	65	55
- Other non-audit services	-	5
Loss before tax is stated after charging:		
Impairment loss on goodwill and intangible assets	-	4,953
Impairment loss on Property, Plant & Equipment	-	38,277

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Employee information

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

Headcount	2020 No.	2019 No.
Production	195	210
Sales and distribution	4	4
Administrative and management	52	51
	251	265

Staff Costs	2020 £'000	2019 £'000
Wages and salaries	8,689	8,067
Social security costs	833	805
Other pension costs	891	960
Total Staff costs	10,413	9,832

Directors' remuneration

	2020 £'000	2019 £'000
Aggregate emoluments	160	230

The highest paid director received aggregate remuneration of £82k during the year.

The company made contributions to a defined contribution scheme on behalf of two directors in the year totalling £14k.

The company made contributions to a defined benefit pension scheme on behalf of one director in the year totalling £5k.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Tax on profit

a) Tax expense included in profit or loss

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax on profit for the financial year	-	-
Adjustments in respect of prior periods	(241)	232
Total current tax	(241)	232
Deferred tax		
Origination and reversal of timing differences	-	(3,893)
Adjustments in respect of prior periods	-	-
Total deferred tax	-	(3,893)
Tax on loss for the year	(241)	(3,661)

b) Reconciliation of tax charge

The tax assessed for the year is lower than the standard effective rate of the corporation tax in the UK for the year ended 31 December 2020 of 19%. The differences are explained as below:

	2020 £'000	2019 £'000
Loss before taxation	(1,696)	(48,727)
Tax on loss at standard UK corporation tax rate of 19% (2019: 19%)	(322)	(9,258)
Effects of:		
Income not taxable	-	-
Non-Deductible Expense	322	3,136
Prior Period Adjustments	(241)	264
Tax Rate Changes	-	570
Deferred tax not recognised	-	1,627
Tax on loss on ordinary activities	(241)	(3,661)

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

Tax rate changes

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

The UK deferred tax liability as at 31 December 2020 was calculated at 19% (2019: 17%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly and increase the deferred tax liability by £29k."

c) Unrecognised tax losses

The Company has additional unrecognised gross tax losses of £11,249k (2019 £9,553k). They have not been recognised on the basis that they are not expected to be utilised in the foreseeable future.

d) Deferred tax

Any deferred tax amounts arising are expected to reverse after more than 12 months.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Intangible assets

	Software £'000	Licences £'000	Customer relationships £'000	Other intangible assets £'000	Total £'000
Cost					
At 31 December 2019	382	2,272	7,515	87	10,256
Additions in Year	-	-	-	-	-
At 31 December 2020	382	2,272	7,515	87	10,256
Amortisation and impairment					
At 31 December 2019	326	2,110	6,482	87	9,005
Charge for the year	15	93	153	-	261
At 31 December 2020	341	2,203	6,635	87	9,266
Net book value					
At 31 December 2020	41	69	880	-	990
At 31 December 2019	56	162	1,033	-	1,251

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

11 Tangible assets

	Freehold land & buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost					
At 31 December 2019	26,796	39,321	134	60	66,311
Additions in year	-	793	-	1,548	2,341
Transfers		11		(11)	-
At 31 December 2020	26,796	40,125	134	1,597	68,652
Depreciation and impairment					
At 31 December 2019	20,999	32,008	125	-	53,132
Charge for the year	207	1,220	2	-	1,429
At 31 December 2020	21,206	33,228	127	-	54,561
Net book value					
At 31 December 2020	5,590	6,897	7	1,597	14,091
At 31 December 2019	5,797	7,313	9	60	13,179

See also impairment policy note 3 (c), and impairment estimates at note 4 (ii).

Land valued at £1.8m was not depreciated in the year.

12 Inventories

	2020 £'000	2019 £'000
Raw materials and consumables	2,942	2,980
Work in progress	189	218
Finished goods	3,345	4,553
	6,476	7,751

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £12,899k (2019:£13,118k). There were no write-down of stocks to net realisable value amounted or reversals of write-downs.

There is no significant difference between the replacement cost of work in progress and their carrying amounts. Inventories are stated after provisions for obsolescence of £459k (2019 : £516k).

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

13 Debtors

	2020 £'000	2019 £'000
Trade debtors	5,674	4,610
Amounts owed from fellow group companies	758	1
Other debtors	1,455	1,135
Other tax and social security	514	-
Corporation tax	472	231
Prepayments and accrued income	733	772
	9,606	6,749

Trade debtors are stated after provisions for impairment of £63k (2019 : £49k).

14 Creditors - amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	7,412	6,015
Other creditors	1,324	603
Amounts owed to fellow group companies (including loans)	6,307	6,051
Other taxation and social security	245	432
Third Party Short Term Loans	8,763	8,193
Accruals and deferred income	2,772	2,451
	26,823	23,745

Amounts owed to group undertakings at 31st December 2020 included short term loans.
Third party short term loans are secured with Parental Company guarantees.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

Terms & Debt Repayment Schedule

	Currency	Nominal Interest Rate	Date Of Maturity	2020 £000	2019 £000
MUFG Bank (1)	GBP	0.40%	29/01/2021	850	850
MUFG Bank (4)	GBP	0.35%	09/03/2021	1,445	1,500
MUFG Bank (5)	GBP	0.33%	29/03/2021	1,540	1,540
MUFG Bank (6)	GBP	0.37%	17/02/2021	625	-
SMBC Bank (1)	GBP	1.07%		-	1,932
SMBC Bank (3)	GBP	0.35%	07/04/2021	4,303	2,371
Total Banks				8,763	8,193
From Fellow Group Company	GBP	1.22%	08/07/2021	1,000	1,000
From Fellow Group Company	GBP	1.10%	05/08/2021	3,000	3,000
From Fellow Group Company	EUR	0.80%	21/06/2021	1,986	1,986
Total From Fellow Group Companies				5,986	5,986
Total Loans				14,749	14,179

Commercial bank loans are secured with Parental Company guarantees for €10m.

15 Provisions for liabilities

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

	Deferred tax liability £'000
At 31 December 2019	-
Deferred tax debit to other comprehensive income for the year	91
At 31 December 2020	(91)

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

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

	2020 £'000
Tangible asset timing differences	-
Intangible asset timing differences	-
FX Hedges	(91)
Total provision	(91)

16 Financial commitments

At 31 December 2020 the Company was committed to future minimum lease payments as follows:

	Other 2020 £'000	Other 2019 £'000
Within one year	839	426
Between two and five years	1,100	268
In over five years	-	-
	1,939	694

17 Called up share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
30,077,433 ordinary shares of £1 each	30,077	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.

Electric Glass Fiber UK, Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

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.

20 Subsequent events

Subsequent to the balance sheet date, £2,162k of debt has been repaid to MUFG bank, leaving £6,601k of debt outstanding to the commercial banks.

In addition, Group loans from Nippon Electric Glass, Dusseldorf for €2.2m (£1,986k) and Nippon Electric Glass, Japan for £1m were paid off in full by 21st June 2021 and 8th July 2021 respectively. Leaving Group debt outstanding of £3m.

Total debt has been reduced and repaid since the balance sheet date by £5,048k, leaving £9,601k outstanding.

During the first half of 2021, the Company returned to full production capacity after the reduced production output experienced during the Covid-19 pandemic in 2020. Customer operations had returned to pre-Covid levels and strong demand for the Company's products outstripped capacity, and some customers were placed on allocation of the customer's products. The indications are that this will continue for the remainder of 2021.