

**Registered number 10269432**

**Electric Glass Fiber UK, Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2019**

## **Electric Glass Fiber UK, Limited**

### **Annual report and financial statements for the year ended 31 December 2019**

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## **Electric Glass Fiber UK, Limited**

### **Directors and advisers**

#### **Directors**

B K Stewart (Resigned 1<sup>st</sup> June 2020)

S Keeton (Appointed 1<sup>st</sup> June 2020)

#### **Registered office**

PO Box 132

Leigh Road

Hindley Green

Wigan

Lancashire

WN2 4XZ

#### **Independent auditor**

KPMG LLP

Chartered Accountants and Statutory Auditors

8 Princes Parade

Liverpool

L3 1QH

## **Electric Glass Fiber UK, Limited**

### **Strategic report for the year ended 31 December 2019**

The Directors present their strategic report on the company for the year ended 31 December 2019.

#### **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.

As part of a wider Nippon Electric Glass Co, Ltd exercise, the Company carried out an impairment review during the year, the details are noted in notes 3(c) and 6.

#### **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 resulted in losing sales to its key competitors. 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 has considered the impact of Brexit and will make arrangements to store inventory closer to its customer locations within the EU to mitigate any potential delays in exporting from the UK. Other than customs clearance delays, the Company does not consider any other long term risk to demand for its products in the EU.

#### **Events Since the Balance Sheet Date**

During the first half of 2020, the Covid-19 pandemic swept across the UK and Europe. Reduced operations at some of the company's major customers had an impact on customer demand for its products, and demand in the first half of 2020 was reduced by 25% against the same period in 2019. The company maintained manufacturing operations throughout this period, albeit at a reduced output level. Latest market information suggests that a return to 2019 levels of demand will be in Q4 2020.

#### **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.

## Electric Glass Fiber UK, Limited

### Strategic report for the year ended 31 December 2019 (continued)

#### Key Performance Indicators

The business monitors performance using a Plant Performance Indicator Report which includes monthly tracking of Operating Profit, Plant Yield, Recordable Accidents, Headcount and Inventory days. The position of these KPIs at 31/12/2019 is shown below :

<b><u>KPI</u></b>	<b><u>Actual for the Year</u></b>
Operating Profit / (Loss) (£000's)	(£5,208)
Recordable Accidents	9
Headcount	265
Inventory Days	73

#### 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 2019.

#### 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 2019

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 out on the following pages:

## Electric Glass Fiber UK, Limited

### Strategic report for the year ended 31 December 2019 (continued)

#### **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 Group's forecast funding requirements and financing options that are required to deliver the desired targets.

#### **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 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 Group maintains positive relationships with all of 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 standard 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 as 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  
10 December 2020

## Electric Glass Fiber UK, Limited

### Director's report for the year ended 31 December 2019

The director presents his report and audited financial statements of the company for the year ended 31 December 2019.

#### Results and dividends

The loss for the financial year amounted to £45,066,000 (2018 : £652,000). Included in this loss is the result of an impairment review which was carried out during the year, the details are noted in notes 3(c) and 6, and amounted to an impairment adjustment of £43,230,000.

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 1<sup>st</sup> June 2020)

S Keeton (Appointed 1<sup>st</sup> June 2020)

#### Political and charitable donations

During the year, the Company made contributions to United Kingdom charitable organisations amounting to £2,243 (2018 : £2,500). 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 2019, primarily due to the expense involved in rebuilding one of the furnaces during 2018. The details are shown in note 13 under the creditors section of the notes to the financial statements.

#### 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.

## **Electric Glass Fiber UK, Limited**

### **Directors' report for the year ended 31 December 2019 (continued)**

Notwithstanding net current liabilities of £6,562,000 as at 31 December 2019 and a loss for the year then ended of £45,066,000, 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, including the impact of Covid-19 and a no-deal Brexit, the company will have sufficient funds, through current working capital and in downside cases funding from its ultimate 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 13) and not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £6,051,237, 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 directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are 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.

company and the group have adequate resources to continue in operational existence for the foreseeable future. The impact of a no deal BREXIT and results of anti-dumping claims filed with EU commission will have to be taken into consideration to protect business sustainability. 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. Investment was approved to explore recycling of waste glass produced during the manufacturing process and is expected to be operational in 2020.

#### **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.



## Electric Glass Fiber UK, Limited

### Directors' report for the year ended 31 December 2019 (continued)

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.

#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

#### Independent auditors

The auditors, KPMG 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



S Keeton  
**Director**  
 10 December 2020



KPMG LLP  
8 Princes Parade  
Liverpool  
L3 1QH  
United Kingdom

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

### **Opinion**

We have audited the financial statements of Electric Glass Fiber UK, Limited ("the company") for the year ended 31 December 2019 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 2019 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 directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Independent auditor's report to the members of Electric Glass Fiber UK, Limited (*continued*)**

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' 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 directors' 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 directors' 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:

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are 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 they either intend to liquidate the company or to cease operations, or have 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](http://www.frc.org.uk/auditorsresponsibilities).

## **Independent auditor's report to the members of Electric Glass Fiber UK, Limited (*continued*)**

### **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

10 December 2020

**Electric Glass Fiber UK, Limited****Statement of Comprehensive Income for the year ended 31 December 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	<b>5</b>	<b>47,436</b>	<b>50,760</b>
Cost of sales		<b>(44,785)</b>	<b>(46,006)</b>
<b>Gross profit</b>		<b>2,651</b>	<b>4,754</b>
Selling and distribution costs		<b>(3,555)</b>	<b>(3,344)</b>
Administrative expenses		<b>(4,286)</b>	<b>(3,848)</b>
Other operating (Expense) / Income		<b>(18)</b>	<b>26</b>
<b>Operating Loss</b>	<b>6</b>	<b>(5,208)</b>	<b>(2,412)</b>
<b><u>Exceptional Items</u></b>			
Impairment of Assets	<b>3(c),6</b>	<b>(43,230)</b>	<b>-</b>
Interest payable and similar expenses		<b>(289)</b>	<b>(48)</b>
<b>Loss before taxation</b>		<b>(48,727)</b>	<b>(2,460)</b>
Tax on Loss	<b>8</b>	<b>3,661</b>	<b>1,808</b>
<b>Loss for the financial year</b>		<b>(45,066)</b>	<b>(652)</b>
<b><u>Other comprehensive income</u></b>			
Effective portion of changes in fair value of cash flow hedges		<b>-</b>	<b>(45)</b>
<b>Total Comprehensive Income for the Year</b>		<b>(45,066)</b>	<b>(697)</b>

The notes on pages 16 to 32 are an integral part of these financial statements.

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

**Electric Glass Fiber UK, Limited****Balance sheet as at 31 December 2019**

	<b>Note</b>	<b>2019 £'000</b>	<b>2019 £'000</b>	<b>2018 £'000</b>	<b>2018 £'000</b>
<b>Fixed assets</b>					
Intangible assets	3(c),9		<b>1,251</b>		7,301
Tangible assets	3(c),10		<b>13,179</b>		55,278
			<b>14,430</b>		62,579
<b>Current assets</b>					
Inventories	11	<b>7,751</b>		8,500	
Debtors	12	<b>6,749</b>		9,246	
Cash at bank and in hand		<b>2,683</b>		2,714	
			<b>17,183</b>		20,460
Creditors – amounts falling due within one year	13		<b>(23,745)</b>		(26,212)
<b>Net current (liabilities)/assets</b>			<b>(6,562)</b>		(5,752)
<b>Total assets less current liabilities</b>			<b>7,868</b>		56,827
Provisions for liabilities	14		-		(3,893)
<b>Net assets</b>			<b>7,868</b>		52,934
<b>Capital and reserves</b>					
Called up share capital	16		<b>30,077</b>		30,077
Capital contribution			<b>20,944</b>		20,944
Retained Earnings			<b>(43,153)</b>		1,913
<b>Total equity</b>			<b>7,868</b>		52,934

The notes on pages 16 to 32 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 10 December 2020 and were signed on its behalf:



S Keeton  
**Director**  
 Electric Glass Fiber UK, Limited  
 Registered number 10269432

**Electric Glass Fiber UK, Limited****Statement of Changes in Equity**

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

	<b>Called up share capital £'000</b>	<b>Capital contribution</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2018</b>	<b>30,077</b>	<b>20,944</b>	<b>2,609</b>	<b>53,630</b>
(Loss) for the financial year	-	-	(652)	(652)
Other comprehensive income	-	-	(45)	(45)
Total comprehensive income	-	-	(697)	(697)
<b>Balance at 31 December 2018</b>	<b>30,077</b>	<b>20,944</b>	<b>1,913</b>	<b>52,934</b>

## **Electric Glass Fiber UK, Limited**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **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. 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.

Notwithstanding net current liabilities of £6,562,000 as at 31 December 2019 and a loss for the year then ended of £45,066,000, 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, including the impact of Covid-19 and a no-deal Brexit, the company will have sufficient funds, through current working capital and in downside cases funding from its ultimate 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 13) and not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £6,051,237, 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 directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have 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 2019 (continued)

Consequently, the directors are 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, 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.

#### **c) Impairment Accounting Policy**

FRS 102, Section 27, requires an impairment review to be carried out at the end of each financial period if certain indicators of impairment have arisen that may cause the carrying amount of an asset to exceed its recoverable amount.

The Management undertook a review of its assets during the year as the following impairment indicators had occurred :

- Operating losses for consecutive accounting periods
- Outstanding loans that are due but cannot be repaid in full during the next accounting period
- Reduced customer demand in the Company's main operating markets

It was determined that Electric Glass Fiber UK Ltd is a cash-generating unit in its own right within the Nippon Electric Glass Co., Ltd Group, and also that the legal entity as a whole was determined to be a cash-generating unit and as such used the Value in Use method to determine the recoverable amounts of its assets.

In order to determine the impairment value the following assumptions were made :

Period of cashflow for consideration was 2020 – 2032

The weighted average cost of capital (WACC) is 8.9%

Exchange rate £1.00 = €1.1765 (Bank of England Rate at 31/12/2019)

A significant proportion of sales will be in EURO's to customers in the EU

The exchange rate assumption proved to be critical in determining future cashflows, and as such a range of future sales volumes was used. Management used what it considered to be a realistic assumption for future years' sales volumes.

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

The outcome of the impairment review was to reduce the value of assets by £43,230k, as follows :

Category of Asset	NBV Before Impairment £000's	Impairment amount £000's	NBV After Impairment £000's
Property, Plant & Equipment	51,456	- 38,277	13,179
Other Intangibles	6,204	- 4,953	1,251
<b>Totals</b>	<b>57,660</b>	<b>- 43,230</b>	<b>14,430</b>

#### 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. Foreign exchange hedging contracts are revalued according to the Company's FX Hedging Policy. 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 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.

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

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

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 years different from those in which they are recognised in the financial statements.

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.

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).

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 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 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 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.

#### o) 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.

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 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.

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.

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

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 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.

## 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.

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### (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) Impairment of Assets

In order to determine the value of impairment of assets, certain assumptions had to be made for discount rate, foreign exchange rate and forecast revenues, and therefore there is an element of accounting judgement involved.

The discount rate used was the group's weighted average cost of capital.

The foreign exchange rates used are determined by FRS102 to be the exchange rates at the reporting date, ie 31/12/2019, and as such are subject to future changes in the currency markets. The GBP v EUR exchange rate was found to be sensitive in the calculation.

Forecast revenues used were determined to be a realistic assumption at the time of the valuation.

#### (iv) 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.

#### (v) 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.

## 5 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.

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

A geographical analysis of turnover is analysed as follows:

<b>Geographical market</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
UK	1,423	2,949
Rest of World	3,185	1,733
Europe	42,828	46,078
	<b>47,436</b>	<b>50,760</b>

## 6 Expenses

	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Operating loss is stated after charging/(crediting):</b>		
Operating lease charges	989	953
Foreign Exchange Gains / (Losses)	336	(315)
Amortisation of intangible assets:		
- Other assets	1,268	1,257
Depreciation of tangible fixed assets:		
- Owned by the company	5,523	3,720
Fees payable to the company's auditor in respect of:		
- Audit of the financial statements	55	50
- Other non-audit services	5	-
<b>Loss before tax is stated after charging/(crediting):</b>		
Impairment loss on goodwill/ inventories/ associates/intangible assets	4,953	-
Impairment loss on other debtors and prepayments	-	-
Impairment loss on Property, Plant & Equipment	38,277	-

## 7 Employee information

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



## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

<b>Headcount</b>	<b>2019 No.</b>	<b>2018 No.</b>
Production	210	191
Sales and distribution	4	4
Administrative and management	51	46
	<b>265</b>	<b>241</b>
<b>Staff Costs</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Wages and salaries	8,067	7,713
Social security costs	805	790
Other pension costs	960	867
<b>Total Staff costs</b>	<b>9,832</b>	<b>9,370</b>
<b>Directors' remuneration</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Aggregate emoluments	230	272

The highest paid director received aggregate remuneration of £230k during the year.

The company made contributions to a defined contribution pension scheme on behalf of 1 director in the year totalling £23k.

## 8 Tax on profit

### a) Tax expense included in profit or loss

	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Current tax:</b>		
UK corporation tax on profit for the financial year	-	(371)
Adjustments in respect of prior periods	232	(562)
<b>Total current tax</b>	<b>232</b>	<b>(933)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,893)	(161)
Adjustments in respect of prior periods	-	(714)
<b>Total deferred tax (note 14)</b>	<b>(3,893)</b>	<b>(875)</b>
<b>Tax on profit for the year</b>	<b>(3,661)</b>	<b>(1,808)</b>

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 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 2019 of 19%. The differences are explained as below:

	2019 £'000	2018 £'000
<b>(Loss) / Profit before taxation</b>	<b>(48,727)</b>	<b>(2,460)</b>
Tax on profit at standard UK corporation tax rate of 19% (2018: 19%)	<b>(9,258)</b>	<b>(467)</b>
Effects of:		
Income not taxable	-	(74)
Non Deductible Expense	3,136	
Prior Period Adjustments	264	
Tax Rate Changes	570	
Deferred tax not recognised	1,627	(1,267)
<b>Tax on profit on ordinary activities</b>	<b>(3,661)</b>	<b>(1,808)</b>

#### Tax rate changes

The rate of UK main corporation tax changed from 20% to 19% from 1 April 2017, so a rate of 19% has been utilised for the year ended 31 December 2019.

In Summer 2020 the Chancellor announced in his budget that the main rate of corporation tax would remain at 19%, and not reduce to 17% as previously announced.

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 9 Intangible assets

	Software £'000	Licences £'000	Customer relationships £'000	Other intangible assets £'000	Total £'000
<b>Cost</b>					
At 31 December 2018	211	2,272	7,515	87	10,085
Additions in Year	171	-	-	-	171
<b>At 31 December 2019</b>	<b>382</b>	<b>2,272</b>	<b>7,515</b>	<b>87</b>	<b>10,256</b>
<b>Amortisation and impairment</b>					
At 31 December 2018	53	1,022	1,691	18	2,784
Charge for the year	53	455	751	9	1,268
Impairment	220	633	4,040	60	4,953
<b>At 31 December 2019</b>	<b>326</b>	<b>2,110</b>	<b>6,482</b>	<b>87</b>	<b>9,005</b>
<b>Net book value</b>					
<b>At 31 December 2019</b>	<b>56</b>	<b>162</b>	<b>1,033</b>	<b>-</b>	<b>1,251</b>
<b>At 31 December 2018</b>	<b>158</b>	<b>1,250</b>	<b>5,824</b>	<b>69</b>	<b>7,301</b>

Details of the impairment review can be found in notes 3(c) and 6 in the notes to the financial statements.

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 10 Tangible assets

	Freehold land & buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
At 31 December 2018	26,768	37,733	107	-	64,608
Additions in year	-	661	-	1,042	1,703
Transfers	28	927	27	(982)	-
<b>At 31 December 2019</b>	<b>26,796</b>	<b>39,321</b>	<b>134</b>	<b>60</b>	<b>66,311</b>
<b>Depreciation and impairment</b>					
At 31 December 2018	2,269	6,990	72	-	9,331
Charge for the year	1,013	4,493	17	-	5,523
Impairment	17,717	20,525	36	-	38,278
<b>At 31 December 2019</b>	<b>20,999</b>	<b>32,008</b>	<b>125</b>	<b>-</b>	<b>53,132</b>
<b>Net book value</b>					
<b>At 31 December 2019</b>	<b>5,797</b>	<b>7,313</b>	<b>9</b>	<b>60</b>	<b>13,179</b>
<b>At 31 December 2018</b>	<b>24,499</b>	<b>30,743</b>	<b>35</b>	<b>-</b>	<b>55,277</b>

Details of the impairment review can be found in notes 3(c) and 6 in the notes to the financial statements.

#### 11 Inventories

	2019 £'000	2018 £'000
Raw materials and consumables	2,980	2,237
Work in progress	218	197
Finished goods	4,553	6,066
	<b>7,751</b>	<b>8,500</b>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £13,118k (2018: £12,032k). 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.

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

Inventories are stated after provisions for impairment of £516k (2018 : £496k).

#### 12 Debtors

	2019 £'000	2018 £'000
Trade debtors	4,610	5,855
Amounts owed from fellow group companies	1	286
Other debtors	1,135	2,552
Corporation tax	231	-
Prepayments and accrued income	772	553
	<b>6,749</b>	<b>9,246</b>

Trade debtors are stated after provisions for impairment of £49,000 (2018 : £63,000).

#### 13 Creditors - amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	6,015	9,578
Other creditors	603	757
Amounts owed to fellow group companies (including loans)	6,051	2,316
Corporation tax	-	549
Other taxation and social security	432	340
Third Party Short Term Loans	8,193	8,890
Accruals and deferred income	2,451	3,782
	<b>23,745</b>	<b>26,212</b>

Amounts owed to group undertakings at 31<sup>st</sup> December 2019 included short term loans, interest being charged at commercial rates. 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 2019 (continued)

#### Terms & Debt Repayment Schedule

	Currency	Nominal Interest Rate	Date Of Maturity	2019 £000	2018 £000
MUFG Bank (1)	GBP	1.05%	31/01/2020	850	850
MUFG Bank (2)	GBP	1.10%		-	250
MUFG Bank (3)	GBP	1.10%		-	200
MUFG Bank (4)	GBP	1.04%	09/03/2020	1,500	1,500
MUFG Bank (5)	GBP	1.09%	27/03/2020	1,540	1,650
SMBC Bank (1)	GBP	1.07%	07/04/2020	1,932	2,000
SMBC Bank (2)	GBP	1.29%		-	1,500
SMBC Bank (3)	GBP	1.07%	07/04/2020	2,371	940
<b>Total Banks</b>				<b>8,193</b>	<b>8,890</b>
From Fellow Group Company	GBP	1.75%	08/07/2020	1,000	-
From Fellow Group Company	GBP	1.68%	04/08/2020	3,000	-
From Fellow Group Company	EUR	0.80%	20/06/2020	1,986	1,977
<b>Total From Fellow Group Companies</b>				<b>5,986</b>	<b>1,977</b>
<b>Total Loans</b>				<b>14,179</b>	<b>10,867</b>

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

## 14 Provisions for liabilities

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

	Deferred tax liability £'000
At 31 December 2018	3,893
Deferred tax credit to income statement for the year	(3,893)
<b>At 31 December 2019</b>	<b>-</b>

## Electric Glass Fiber UK, Limited

### Notes to the financial statements for the year ended 31 December 2019 (continued)

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

	<b>2019 £'000</b>
Tangible asset timing differences	-
Intangible asset timing differences	-
<b>Total provision</b>	<b>-</b>

The Company has additional unrecognised gross tax losses of £9,553k (2018 £25k)

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

## 15 Financial commitments

At 31 December 2019 the company was committed to future minimum lease payments as follows:

	<b>Other 2019 £'000</b>	<b>Other 2018 £'000</b>
Within one year	<b>426</b>	139
Between two and five years	<b>268</b>	411
In over five years	-	-
	<b>694</b>	<b>550</b>

## 16 Called up share capital

	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Allotted, called up and fully paid</b>		
30,077,433 ordinary shares of £1 each	<b>30,077</b>	30,077

## 17 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 2019 (continued)**

#### **18 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.

#### **19 Subsequent events**

Subsequent to the balance sheet date, the loans in note 13 were renewed at the maturity date where applicable, with the exception of SMBC(1) and SMBC(3) loans which have been consolidated into one loan of £4,303k on 07/04/2020.

During the first half of 2020, the Covid-19 pandemic swept across the UK and Europe. Reduced operations at some of the company's major customers had an impact on customer demand for its products, and demand in the first half of 2020 was reduced by 25% against the same period in 2019. The company maintained manufacturing operations throughout this period, albeit at a reduced output level. Latest market information suggests that a return to 2019 levels of demand will be in Q4 2020.