Fujitsu EMEA PLC

Directors' report and financial statements

Registered number 2216100

31 March 2019

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Strategic report

Business review

Profit on ordinary activities after taxation for the financial year was £0.04m *(2018: £0.2m)*, including £0.8m *(2018: £1.0m)* of interest receivable and similar income.

As a result of the above, closing equity shareholders' funds amounted to £15.0m *(2018: £14.9m)*

The Company recognises that business has performed in line with the company's expectations.

The Company believes that the following factors may affect its financial ability and/or business performance. All of the factors described are contingent upon the occurrence of uncertain future events:

- The Company faces risks associated with exchange rate and interest rate fluctuations, such as the risk of exchange losses through the appreciation of foreign currency denominated liabilities, and increases in the interest burden on loans; both of which could give rise to losses and higher financing costs. In order to mitigate these risks the Company uses commercial and financial techniques, including asset and liability matching. Please refer to Note 1 of the financial statements for more detail.
- The outbreak of dispute, political instability or a currency crisis in nations or regions, including natural disasters and unforeseen occurrences, may cause the Company higher financing cost as a result of deteriorated financial market conditions. Again, it is the Company's policy to monitor the likelihood of these situations in order to identify and take preventative action.

Financial instruments

The principal risks that the Company is exposed to are interest rate risk, liquidity risk, foreign exchange risk and credit risk. Each of these risks is managed in line with approved internal policies. The Company has chosen to adopt a short-term risk averse policy to interest rate risk management. The Company maintains a range of uncommitted bank borrowing facilities as well as intra-group borrowing to ensure adequate liquidity. The Company uses foreign currency forwards to hedge specific foreign currency transactional exposures and foreign currency swaps to manage exchange risk arising on foreign currency cash. The Company controls the counterparty credit risk by monitoring counterparty limit.

Brexit

The Company considered the effects that the UK's exit from the European Union ("Brexit") may have on the Company and the risks associated with funding, bank transactions, intercompany arrangements and the Company's corporate debt securities. The Company is satisfied that it has procedures and processes in place to deal with the impact of a variety of Brexit scenarios even though it expects the impact to be minimal. The Company believes there are no events nor circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

By order of the board

T Oda
Director
22 Baker Street
London W1U 3BW
20 *September 2019*

Directors' report

The directors present their Directors' report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of Fujitsu EMEA PLC (the "Company") consists of providing financial arrangements and transactions, including group finance, to other companies in the Fujitsu Group, principally subsidiaries of Fujitsu Limited based outside of Japan.

Proposed dividend

No dividends have been proposed for the year ended 31 March 2019 *(2018: nil).*

No interim dividends were paid during the year *(2018: nil).*

Policy and practice on payment of creditors

It is the Company's policy to settle all of its investment purchases on the agreed settlement date. All other creditors are paid in accordance with the relevant invoice terms and the Company ensures that they are aware of those terms.

Directors

K Yuasa: President (Resigned, 16th July 2018)

T Okada: President (Appointed, 16th July 2018)

K Takatsuka: Director and Company Secretary (Resigned, 16th July 2018)

T Oda: Director and Company Secretary (Appointed, 16th July 2018)

None of the directors who held office during the financial year had any disclosable beneficial interest in the shares of the Company, or in any other company of the Fujitsu Group.

Political and charitable contributions

The Company made no political or charitable donations during the year *(2018: nil).*

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each 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.

Directors' report *(continued)*

Auditor

KPMG LLP served as auditor for 31st March 2019 financial year. In accordance with Section 489 of the Companies Act 2006, a resolution for appointment of Ernst and Young LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting with effect from March 2020.

By order of the board

T Oda
Director
22 Baker Street
London W1U 3BW
20 *September 2019*

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 auditor's report to the members of Fujitsu EMEA Plc

Opinion

We have audited the financial statements of Fujitsu EMEA Plc ("the company") for the year ended 31 March 2019 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement, 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 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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, including the impact of Brexit, 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.

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 4, 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.

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.

Paul Smeulders (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
20 September 2019

Income Statement

for the year ended 31 March 2019

	Note	2019	2018
		£000	£000
Operating expenses	3	**(434)**	(367)
Financial income	5	**795**	1,043
Other income		**9**	-
Financial expenses	5	**(330)**	(465)
Operating profit and profit before tax		**40**	211
Taxation	6	**-**	-
Profit for the year		**40**	211

Statement of Comprehensive Income

for the year ended 31 March 2019

	2019	2018
	£000	£000
Profit for the year	**40**	211
Total Comprehensive Income for the year	**40**	211

The company applied IFRS 9 as at 1st April 2018 under the transition method chosen, comparative information has not been restated.

The notes on pages 11 to 29 form part of the financial statements.

Balance Sheet
at 31 March 2019

	Note	2019	2018
		£000	£000
Non-current assets			
Other investments	10	**19,995**	-
Current assets			
Short term loan receivable	7	**4,197**	2,306
Trade and other receivables	8	**53**	4
Cash and cash equivalents	9	**113,222**	120,570
Total assets		**137,467**	122,880
Current liabilities			
Loans and borrowings	11	**122,386**	107,879
Trade and other payables	12	**103**	63
Total liabilities		**122,489**	107,942
Net assets		**14,978**	14,938
Equity			
Share capital	13	**1,231**	1,231
Retained earnings		**13,747**	13,707
Total equity		**14,978**	14,938

The company applied IFRS 9 as at 1st April 2018 under the transition method chosen, comparative information has not been restated.

The financial statements were approved by the board of directors on 20 September 2019 and were signed on its behalf by:

Takanobu Oda

T Oda
Director

The notes on pages 11 to 29 form part of the financial statements.

Statement of Changes in Equity
for the year ended 31 March 2019

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 April 2017	1,231	13,496	14,727
Total comprehensive income	-	211	211
Balance at 31 March 2018	1,231	13,707	14,938
Total comprehensive income	-	40	40
Balance at 31 March 2019	**1,231**	**13,747**	**14,978**

The notes on pages 11 to 29 form part of the financial statements.

Cash Flow Statement

for the year ended 31 March 2019

	Note	2019	2018
		£000	£000
Cash flows from operating activities			
Profit for the year		**40**	211
Adjustments for:			
Interest receivable		**(791)**	(956)
Interest payable		**330**	448
Increase in trade and other receivables		**(2)**	(2)
Increase in trade and other payables		**30**	14
Movement in fair value of financial derivatives		**-**	(88)
Increase of ECL allowance		**5**	-
Cash generated from operations		**(388)**	(373)
Interest received		**744**	1,078
Interest paid		**(320)**	(449)
Net cash from operating activities		**36**	256
Cash flows from investing activities			
Proceeds from/(Payments for) Group undertakings		**(1,891)**	113,972
Purchase of corporate debt security		**(20,000)**	-
Net cash from investing activities		**(21,891)**	113,972
Cash flows from financing activities			
Proceeds from short term borrowing		**453**	-
Repayment of short term borrowing		**-**	**(79,548)**
Proceeds from Group undertakings		**14,054**	**25,855**
Net cash from financing activities		**14,507**	(53,693)
Net increase in cash and cash equivalents		**(7,348)**	60,535
Cash and cash equivalents at 1 April		**120,570**	60,035
Cash and cash equivalents at 31 March	9	**113,222**	120,570

The notes on pages 11 to 29 form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Fujitsu EMEA PLC is a company incorporated and domiciled in the UK.

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

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

The preparation of financial statements in conformity with Adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenditure. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on management's best knowledge of the amounts, events or actions at each year end. Actual results may differ from these estimates.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 16. This is the first set of the company's annual financial statements in which IFRS 9 financial instruments has been applied.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale.

Functional and presentation currency

The financial statements are presented in British pounds which is the company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise indicated.

Changes in significant accounting policies

The Company has adopted IFRS 9 in the year and further details of this are given in this note and throughout the accounts. There are no other changes in accounting policies as a result of newly applicable IFRS standards or amendments during the year.

The company applied IFRS retrospectively (ie the new requirements have been applied to transactions, other events and conditions as if those requirements had always been applied) with an initial application date of 1 April 2018. The company has not restated the comparative information presented herein for the prior year, as allowed under IFRS 9, and which continues to be reported under IAS 39.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities and derivative financial instruments.

Notes *(continued)*

1 Accounting policies *(continued)*

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 £000	New carrying amount under IFRS 9 £000
Financial assets					
Loan receivables		Financial assets at fair value through profit and loss	Amortised cost	2,306	2,306
Trade and other receivables		Financial assets at amortised cost	Amortised cost	4	4
Cash and cash equivalents		Financial assets at amortised cost	Amortised cost	120,570	120,570
Corporate debt securities	*(a)*	Held to maturity	Amortised cost	-	-
Total financial assets				122,880	122,880
Financial liabilities					
Loans and Borrowings		Financial liabilities at fair value through profit and loss	Amortised cost	107,879	107,879
Trade and other payables		Financial liabilities at amortised cost	Amortised cost	63	63
Total financial assets				107,942	107,942

(a) Corporate debt securities are classified at amortised cost. The company intends to hold the assets to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no change in accounting treatment as the corporate debt securities balance at 31 March 2018 was nil.

Notes *(continued)*

1 Accounting policies *(continued)*

(ii) Impairment and financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The company has determined that the application of IFRS 9's impairment requirement at 1 April 2018 results in no additional allowance for impairment as follows.

	£000
Loss allowance at 31 March 2018 under IAS 39	-
Additional impairment recognised at 1 April 2018 on:	-
Loss allowance at 1 April 2018 under IFRS 9	-

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Dividends on shares presented within shareholders' fund

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Foreign exchange differences

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Financing income and expenses

Financing expenses comprise interest payable, foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprises interest receivable on funds invested, foreign exchange gains.

Interest income and interest payable is recognised in profit and loss as it accrues. Foreign currency gains and losses are reported on a net basis.

As the Company's principal activity is to hold investments and provide financing to fellow group undertakings, the directors have considered it most appropriate to present interest receivable and similar income as well as interest payable as part of operating profit.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Financial instruments (policy applicable from 1 April 2018)

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes *(continued)*

1 Accounting policies *(continued)*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(iii) Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

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 the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied – see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged expected future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes 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.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

Notes *(continued)*

1 Accounting policies *(continued)*

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the income statement over the remaining life of the hedged item.

(iv) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECL, except for other corporate debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company considers a corporate debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The company considers this to be A- equivalent or higher, and also not be BBB- equivalent or below, rated from any of the agencies (S&P, Moody's, Fitch, R&I and JCR).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes *(continued)*

2 Expenses and auditor's remuneration

Included in profit/loss are the following:
Auditor's remuneration:

	2019 £000	2018 £000
Audit of these financial statements	**15**	11
	15	11

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2019	2018
Number of employees	**2**	2

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	**201**	180
Social security contribution	**117**	86
	318	266

4 Directors' emoluments

	2019 £000	2018 £000
Wages and salaries	**125**	108
Social security contribution	**74**	79
	199	187

Disclosure in respect of highest paid director:

	2019	2018
Wages and salaries	**99**	108
Social security contribution	**41**	79
	140	187

Notes *(continued)*

5 Finance income and expense

Recognised in profit or loss

Finance income	**2019 £000**	2018 £000
Interest receivable from group companies	**629**	944
Interest receivable from money market investment	**118**	12
Interest receivable from bond investment	**44**	-
Foreign exchange gain	**4**	-
Net profit on financial instruments designated as fair value through profit and loss	**-**	87
Total finance income	**795**	1,043

Finance expense	**2019 £000**	2018 £000
Interest payable to group companies	**(111)**	(88)
Interest payable to external parties	**(219)**	(360)
Foreign exchange loss	**-**	(17)
Total finance expense	**(330)**	(465)

Notes *(continued)*

6 Taxation

Recognised in the income statement

	2019 £000	2018 £000
Current tax on income for the period	-	-
Adjustment in respect of prior periods	-	-
Total current tax (credit)	-	-
Total deferred tax charge	-	-
Tax charge on profit on ordinary activities	-	-

Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit for the year	40	211
Total tax expense (including tax on discontinued operations)	-	-
Profit excluding taxation	40	211
Tax using the UK corporation tax rate of 19% (2019: 19%)	8	40
Non-deductible expenses	1	1
Recognition of previously unrecognised tax losses	(9)	(41)
Effect of adjustment in respect of prior periods	-	-
Total tax expense	-	-

As at 31 March 2019, the Company had gross unrecognised deferred tax assets in respect of losses carried forward of £2.4m (2018: £2.7m) as the directors do not believe it is more likely than not that these will be recoverable against future taxable profits.

Reductions in the rate of UK corporation tax to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This would reduce any future tax charge accordingly.

Notes *(continued)*

7 Financial instruments

The effect of initially applying IFRS 9 on the company's financial instrument is described in Note 1. Due to the transition method chosen, comparative information has not been restated to reflect the new requirement.

The Company's principal non-derivative financial instruments comprise short term loans, cash and short term deposits, corporate bonds, and bank loans, the main purpose of which is to operate the Company's principal activity, group financing. Other financial instruments such as trade receivables and trade payables arise directly from the Company's trading operations.

Derivative financial instruments are represented by short-term foreign currency swaps with external financial institutions as part of the group financing. The Company uses derivative financial instruments for the purpose of hedging against the risk of fluctuations in foreign exchange on financial liabilities denominated in foreign currencies. The fair value of derivative foreign exchange instruments is determined on initial recognition at forward market exchange rates at inception of the contract and subsequently remeasured based on forward market exchange rates at the balance sheet date.

Accounting classification and fair values

The following table shows the carrying amounts of financial assets and liabilities measured by amortised cost. No assets and liabilities were measured at fair value.

31 March 2019	*Note*	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000	Total £000
Financial assets measured at fair value				
		-	-	-
Financial assets not measured at fair value				
Loan receivables	*7*	4,197	-	4,197
Trade and other receivables	*8*	53	-	53
Cash and cash equivalents	*9*	113,222	-	113,222
Corporate debt securities	*10*	20,000	-	20,000
		137,472	-	137,472
Financial liabilities measured at fair value				
		-	-	-
Financial liabilities not measured at fair value				
Loans and Borrowings	*11*	-	122,386	122,386
Trade and other payables	*12*	-	103	103
		-	122,489	122,489

31 March 2018		£000	£000	£000
Financial assets measured at fair value				
		-	-	-
Financial assets not measured at fair value				
Loan receivables	*7*	2,306	-	2,306
Trade and other receivables	*8*	4	-	4
Cash and cash equivalents	*9*	120,570	-	120,570
Corporate debt securities	*10*	-	-	-
		-	-	-
Financial liabilities measured at fair value				
		-	-	-
Financial liabilities not measured at fair value				
Loans and Borrowings	*11*	-	107,879	107,879
Trade and other payables	*12*	-	63	63
		-	107,942	107,942

Notes (continued)

7 **Financial instruments** (continued)

Interest rate risk

The Company has chosen to adopt a short-term risk-averse policy to interest rate risk management. The Company's interest rate exposure is identified and the need to hedge the interest charge against interest rate movements reviewed against budgeted profitability targets.

The majority of the Company's loans and borrowings are subject to floating rates of interest. Interest on short-term loans and borrowing facilities is typically priced at market rate (LIBOR, EURIBOR etc.) plus a margin.

As at 31 March 2019, the Company's total gross interest bearing loans and borrowings amounted to £122.4m *(2018: £107.9m)*.

Interest rate sensitivity analysis

The company adjusts lending price and borrowing cost to maintain appropriate margins and is therefore not sensitive to movements in the interest rates.

Liquidity risk

As at 31 March 2019 the Company's net cash balance amounted to £113,222,000 *(2018: £120,570,000)*, comprising cash. In addition, the Company maintains a range of uncommitted bank borrowing facilities as at 31 March 2019, as well as intra-group borrowings to source additional funding, if required. The Company's funding needs are reviewed bi-annually and a maximum gross borrowing requirement determined for planning purposes. The Company also seeks to maintain headroom against its agreed borrowing facilities to ensure adequate liquidity is maintained in the event of unexpected cash flows or volatility. Target headroom against available facilities is monitored at any time.

The following are the contractual maturities of financial liabilities of the Company, including interest:

As at 31 March 2019	**Carrying value £000**	**Contractual cash flows £000**	**Falling due Within 1 year £000**
Loans and Borrowings	**122,386**	**(122,386)**	**(122,386)**
Other payables and expenses	**103**	**(103)**	**(103)**
Total	**122,489**	**(122,489)**	**(122,489)**

As at 31 March 2018	Carrying value £000	Contractual cash flows £000	Falling due Within 1 year £000
Loans and Borrowings	107,879	(107,879)	(107,879)
Other payables and expenses	63	(63)	(63)
Total	107,942	(107,942)	(107,942)

Notes *(continued)*

7 Financial instruments *(continued)*

Credit risk

Exposure to financial counterparty risk is controlled by monitoring counterparty limits. Credit limits are determined which reflect the creditworthiness of the counterparty and the risk appetite of Fujitsu EMEA. The overall philosophy is risk averse with preservation of capital and liquidity overriding return. Financial counterparties for centrally managed funds (money market investments and borrowings) and foreign exchange transactions are typically Fujitsu Group relationship banks with a long-term credit rating of at least 'A' or above.

Dealing volume and value of derivative instruments (mainly foreign exchange forwards and swaps) is considered to be relatively low and is not considered to require a sophisticated credit exposure methodology. Transactions of this nature are dealt with Fujitsu relationship banks, up to credit limits determined by these banks.

With regards to the corporate debt securities, the issuer's credit risk is carefully monitored by the Company, whilst allowance for expected credit loss was recognized as at 31 March 2019, under the requirement of IFRS 9.

All of the Company's trade and other receivables and corporate debt securities are regularly reviewed for indicators of impairment. As at 31 March 2019 and 31 March 2018, all trade and other receivables and corporate debt securities were not yet due and no provisions for impairment had been made except for the allowance for expected credit loss on corporate debt securities as at 31 March 2019.

The movement in the allowance for impairment for corporate debt securities at amortised cost (2018: held-to-maturity) during the year was as follows. Comparative amounts for 2018 represent the allowance account for impairment losses under IAS 39.

	2019				2018
	12- months ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total	Impaired
	£000	£000	£000	£000	£000
Balance at 1 April 2018 under IAS 39					
Adjustment on intial application of IFRS 9				-	-
Balance at 1 April 2018 under IFRS 9	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-
Transfer to lifetime ECL - not credit impaired	-	-	-	-	-
Transfer to lifetime ECL - credit impaired	-	-	-	-	-
Financial assets repaid	-	-	-	-	-
New financial assets acquired	5	-	-	5	-
Balance at 31 March 2019	5	-	-	5	-

The increase in the loss allowance can be attributed to the acquisition of a new corporate debt securities during the current year.

The company limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating of at least A- from any of the agencies (S&P, Moody's, Fitch, R&I and JCR).

Notes *(continued)*

7 Financial instruments *(continued)*

The company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the company supplements this by reviewing changes in credit default swap (CDS) prices together with available press and regulatory information about issuers.

12-month and life-time probabilities of default are based on historical data supplied by Moody's for each credit rating and are recalibrated based on current bond yield and CDS prices. Loss given default (LGD) parameters are similarly based on historical data supplied by Moody's for each credit rating, except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

On initial recognition, the company used the following basis of inputs and assumptions together with the estimation formula when calculating 12-month ECL.

	2019 £000		Data source
Exposure at Default: EAD	20,000	: a	The principal amount of the corporate debt securities
Probability of default: PD	0.0400%	: b	"Annual default study" issued by Moody's
Recovery rate	42.90%	: c	"Annual default study" issued by Moody's
Loss Given Default : LGD	57.10%	: d = 1 - c	
Expected Credit Loss: ECL	5	: a*b*d	

After the initial recognition, because there was no change on the issuer's credit rating and the company could not find or foresee any symptom associated with significant risk factors which the corporate debt securities might be affected, including macro-economic indications, the company considered that the credit risk of financial instruments has not been increased significantly since the initial recognition, and thus, the corporate debt securities needed not to be credit-impaired.

Also, there was no change in estimation techniques or significant assumptions made after the initial recognition.

The exposure to credit risk for corporate debt securities at amortised cost, (2018: held-to-maturity) at the reporting date by geographic region was as follows.

	Net carrying amount	
	2019 £000	2018 £000
UK	20,000	-
	20,000	-

Notes *(continued)*

7 Financial instruments *(continued)*

Foreign exchange risk

The Company seeks to mitigate the effect of currency exposures by borrowing in the same currencies as the currencies in which it lends and by using currency swaps to match the currencies in which it lends.

All material financial instruments, including derivatives, denominated in a foreign currency, are re-valued monthly at current market exchange rates and gains/ (losses) recognised in the income statement.

Foreign currency sensitivity analysis

The Company seeks to mitigate the effect of currency exposures by using currency swaps and is therefore not sensitive to movements in the exchange rates.

Capital risk management

The Company manages its capital to ensure it is able to continue as a going concern while maximising the return to stakeholders as well as sustaining the future development of the business. In order to maintain or adjust the capital structure, the Company may adjust the total dividends paid to shareholders, return capital to shareholders. The Company's overall strategy remains unchanged from the previous financial year.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 11, cash and cash equivalents as disclosed in Note 9, corporate debt securities as disclosed in Note 10 and equity attributable to the parent, comprising share capital and retained earnings.

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are repriced.

		2019				2018	
	Effective interest rate	**Within 1year**	**Over 1 year**	**Total**	Effective interest rate	Within 1year	Total
	%	**£000**	**£000**	**£000**	%	£000	£000
Financial assets							
Cash and cash equivalents	0.12	**113,222**	**-**	**113,222**	0.02	120,570	120,570
Loan receivables	1.72	**4,197**	**-**	**4,197**	0.88	2,306	2,306
Corporate debt securities	1.37	**-**	**20,000**	**20,000**		-	-
		117,419	**20,000**	**137,419**		122,876	122,876
Financial liabilities							
Loans and Borrowings	0.26	**122,386**	**-**	**122,386**	0.32	107,879	107,879
		122,386	**-**	**122,386**		107,879	107,879

Notes *(continued)*

8 Trade and other receivables

	2019	2018
	£000	£000
Interest receivable from group companies	7	2
Accounts receivable from group companies	2	-
Interest receivable from external parties	44	2
	53	4

See accounting policies in Note 1. The effect of initially applying IFRS 9 is described in Note 1. Information about the Company's exposure to credit and market risks, and impairment for trade receivable is included in Note 7.

9 Cash and cash equivalents

	2019	2018
	£000	£000
Cash and cash equivalents	113,222	120,570

10 Other investments

	2019	2018
	£000	£000
Corporate debt securities - amortized cost	20,000	-
Allowance for ECL	(5)	-
	19,995	-

The effect of initially applying IFRS 9 in the Company's financial instruments is described in Note 1.

11 Loans and borrowings

	2019	2018
	£000	£000
Current liabilities		
Loan from group companies	121,933	107,879
Bank loan	453	-

The loan from group companies comprises both group cash-pooling funds and short-term loans that are interest bearing at prevailing interbank rates (EONIA or EURIBOR for EUR, SONIA or LIBOR for GBP, and FF rate or LIBOR for USD) minus a margin of 0.15% p.a. or 0.005% (for EUR), which is higher.

Notes *(continued)*

12 Trade and other payables

	2019	2018
	£000	£000
Payables to group companies and accrued expenses	**64**	32
Trade payables and accrued expenses	**24**	26
Interest payable to group companies	**15**	5
	103	63

13 Share Capital

Authorised, allotted, called up and fully paid	2019	2018	2019	2018
	No'000	No'000	**£000**	£000
Ordinary shares of £1 each	50	50	50	50
Ordinary shares of $1 each	1,916	1,916	1,181	1,181
	1,966	1,966	**1,231**	1,231

There are no options outstanding over any share in the Company. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes *(continued)*

14 Related parties

Identity of related parties

The Company has a related party relationship with other companies in the Fujitsu Group, principally subsidiaries of Fujitsu Limited based outside of Japan, in its capacity as a provider of group financing arrangements.

The Directors of the company are considered to be the only Key Management personnel. Details of their emoluments are shown in Note 4.

Related party transactions	Income **2019** **£000**	2018 £000	Expenses **2019** **£000**	2018 £000
Fujitsu Technology Solutions (Holding) B.V	**-**	-	**4**	2
Fujitsu Services Limited	**584**	919	**58**	13
PFU(EMEA)Limited	**-**	-	**28**	48
Fujitsu Laboratories of Europe Limited	**-**	-	**4**	1
Fujitsu RunMyProcess SAS	**44**	15	**-**	4
Fujitsu Optical Components Italy S.p.A	**-**	10	**27**	29
Fujitsu Finance America, Inc.	**10**	-	**-**	-
	638	944	**121**	97

	Receivables outstanding **2019** **£000**	2018 £000	Payables outstanding **2019** **£000**	2018 £000
Fujitsu Technology Solutions B.V	**-**	-	**96,192**	63,793
Fujitsu Services Limited	**-**	1	**2,893**	17,830
Fujitsu Optical Components Italy S.p.A	**-**	-	**1,581**	1,089
Fujitsu Enabling Software Technology GmbH	**-**	-	**2,748**	2,321
PFU(EMEA)Limited	**-**	-	**17,998**	22,215
Fujitsu Laboratories of Europe Limited	**-**	-	**600**	596
Fujitsu RunMyProcess SAS	**4,204**	2,308	**-**	72
Fujitsu Finance America, Inc.	**2**	-	**-**	-
	4,206	2,309	**122,012**	107,916

Notes *(continued)*

15 Ultimate parent company and parent company of large group

The Company is a 100% owned subsidiary undertaking of Fujitsu Limited which is the ultimate parent company incorporated in Japan. The smallest and largest group in which the results of the Company are consolidated is that headed by Fujitsu Limited.

Fujitsu Limited's consolidated financial statements can be obtained from: Shiodome City Centre 1-5-2 Higashi-Shimbashi Minato-ku Tokyo 105-7123 Japan

16 Accounting estimates and judgements

Judgement on deferred tax assets

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

- Note 6 - recognition of deferred tax assets: availability to future taxable profits against which the deductible temporary differences and tax losses carried forward can be utilised
- Note 7 - measurement of ECL allowance for trade receivables and corporate debt securities
- Note 7 - measurement of fair value of financial assets and liabilities