Registered No: 2498218

Sharp International Finance (U.K.) Plc

Annual report and financial statements

31 March 2019

Registered No: 2498218

Directors

S. Sakakibara
S.Nomura

Secretary

S.Nomura

Independent Auditors

Chartered Accountants and Statutory Auditors
PricewaterhouseCoopers LLP
The Atrium, 1 Harefield Road
Uxbridge UB8 1EX

Registered Office

4 Furzeground Way
Stockley Park
Uxbridge
Middlesex
UB11 1EZ

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Strategic Report

Principal activities and review of the business

The company is part of the worldwide group of companies whose parent is Sharp Corporation of Japan.

The company's role in the group is that of a treasury centre. This role involves providing financing to fellow group companies whenever required and raising funds from any currently available source in order to do so. There are no current plans for the company to provide services to any organisation which is not at least partly owned by Sharp Corporation.

Also the company provides a netting and payments service for the European subsidiaries of Sharp Corporation in their dealings with each other, with Head Office and with other subsidiaries worldwide and arranges foreign exchange contracts on behalf of the European subsidiaries as a hedge against their anticipated currency exposures.

The company provides regular financial information to fellow Sharp subsidiaries to assist those companies in their treasury decisions.

The company would also take advantage of any arbitrage opportunity that may occur, specifically where the issue of Sharp debt instruments can be used to purchase paper in another company in anticipation of a profit.

There has been no change in this basic pattern of business since the founding of the company.

There are no other significant new developments to report.

The company's key financial and other performance indicators during the year were as follows:

	2019	**2018**	**Change**
	$'000	$'000	%
Turnover	3,294	3,146	4.70 %
Profit before tax	2,185	1,513	44.42 %
Profit after tax	1,894	1,401	35.19 %
Shareholders' funds	45,130	43,244	4.36 %
Current assets as a % of current liabilities	146.76%	139.82%	4.96 %

Turnover increased slightly. This was due to higher FX gain realised on intercompany loans, offset by decreased interest received on intercompany loans. The interest received decreased because of the introduction during the year of pan-European interest rate policy in line with current transfer pricing regulations. FX commission and settlement commission decreased by 28.2% and 13.3% respectively.

EUR weakened against the USD by 8.69% and JPY weakened by 4.08%. However this did not have a significant effect on profit, because, for most of the company's transactions, funding and investment instruments are matched together and any foreign exchange exposure is covered by foreign exchange contracts.

Although Turnover increased only slightly, profit before tax increased by 44.42% This was due to the write-back of several historic accrued expenses, which due to changes in circumstances were no longer required.

Shareholders' funds were affected only by the change in retained earnings due to the profit for the year.

The ratio of current assets to current liabilities has remained reasonably stable.

Principal risks and uncertainties

The company finances its operations by a combination of equity, bank borrowings, commercial paper and medium-term notes. It is the company's policy to use appropriate financial instruments, such as swaps or forward foreign exchange contracts, to reduce interest rate, and currency risk to a minimum. Most transactions are entered on a basis where funding is matched to the maturity of the asset. The company's access to funding may be affected by the situation of Sharp Corporation, however, as described in note 1 to the Financial Statements, the company considers Sharp Corporation to be able to secure the funding it

Strategic Report

requires and underpin the company's ability to collect and repay intercompany balances in the future. The company also enters into forward foreign exchange contracts as a principal on behalf of its fellow subsidiaries, who are required to settle the outstanding balances on maturity of the contracts. The company's currency risk is assessed as insignificant. The principal risks facing the company and further risk management information are described in note 17 to the financial statements.

While Brexit negotiations continue, the nature of the UK's future trading relationship with the EU is still to be determined. The company believes that it is unlikely that the free movement of funds between entities in Europe will be seriously affected. However as further details of the terms of the UK's departure from the EU emerge, the company will continue to assess and monitor the potential risks and impacts and take appropriate measures.

By order of the board

S. Nomura

Secretary

Date: 26th September 2019

Registered office: 4 Furzeground Way, Stockley Park, Uxbridge, Middlesex, UB11 1EZ, UK

Directors' Report

The directors present their report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation, amounted to $1,893,868 (2018: $1,401,165). No interim dividend was paid during the year (2018: $nil). The directors do not recommend the payment of a final dividend (2018: $nil).

Likely future developments

The company expects to continue to provide financial support to fellow Sharp subsidiaries in Europe and to look for new opportunities to expand the business.

Directors

The directors who served during the year and up to the date of signing, unless otherwise indicated, were as follows:

S. Sakakibara
T. Watanabe (resigned 16th April 2019)
S. Nomura (appointed 16th April 2019)

Disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Directors' Report

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Directors' Report

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution is to be proposed at the 2019 Annual General Meeting for the reappointment of PricewaterhouseCoopers LLP as auditors of the company.

By order of the board

S. Nomura

Secretary

Date: 26th September 2019

Registered office: 4 Furzeground Way, Stockley Park, Uxbridge, Middlesex, UB11 1EZ, UK

Independent auditor's report

to the members of Sharp International Finance (U.K.) Plc

Report on the audit of the financial statements

Opinion

In our opinion, Sharp International Finance (U.K.) Plc's 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2019, the Profit and Loss Account and Other Comprehensive Income for the year ended 31 March 2019, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not

Independent auditor's report

to the members of Sharp International Finance (U.K.) Plc (continued)

express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditor's report

to the members of Sharp International Finance (U.K.) Plc (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Daniel Dennett (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditor

The Atrium, 1 Harefield Road

Uxbridge UB8 1EX

26 September 2019

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 March 2019

	Note	2019 $'000	2018 $'000
Turnover	2	3,294	3,146
Interest payable and similar expenses	3	(1,120)	(1,021)
Gross profit		2,174	2,125
Foreign exchange (loss)/gain		(19)	4
Operating income		2,155	2,129
Administrative expenses		(684)	(771)
Operating profit		1,471	1,358
Interest receivable and similar income		714	155
Profit before taxation	4	2,185	1,513
Tax on profit	7	(291)	(112)
Profit after taxation		1,894	1,401
Profit for the financial year		1,894	1,401
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability		(10)	117
Income tax on items that will not be reclassified to profit or loss		2	(20)
Other Comprehensive (expense)/income for the year, net of income tax		(8)	97
Total comprehensive income for the year		**1,886**	**1,498**

All of the company's activities are derived from continuing operations.

Notes on pages 14 to 34 form part of these financial statements.

Balance Sheet

at 31 March 2019

	Note	*2019* *$'000*	*2018* *$'000*
Current assets			
Debtors (including $0.00 *(2018:* $0.00*)* due after more than one year)	9	135,366	131,943
Financial assets at fair value through profit and loss	10	823	275
Cash at bank and in hand		5,692	19,932
		141,881	152,150
Creditors: amounts falling due within one year			
Other creditors	11	(95,949)	(108,682)
Financial liabilities at fair value through profit and loss	12	(728)	(133)
		(96,677)	(108,815)
Net current assets		45,204	43,335
Total assets less current liabilities		45,204	43,335
Creditors: amounts falling due after more than one year			
Long Term Bank Borrowings	13	-	-
Pension deficit		(74)	(91)
Net assets		45,130	43,244
Capital and reserves			
Called-up share capital	16	8,732	8,732
Profit and loss account		36,398	34,512
Total equity		45,130	43,244

Notes on pages 14 to 34 form part of these financial statements

These financial statements were approved by the board of directors on 26th September 2019 and were signed on its behalf by:

S. Nomura

Managing Director

Registered No : 2498218

Statement of Changes in Equity

	Called-up share capital	*Profit and loss account*	*Total equity*
	$'000	*$'000*	*$'000*
Balance at 1 April 2017	8,732	33,014	41,746
Total comprehensive income for the year			
Profit for the year	-	1,401	1,401
Other comprehensive income	-	97	97
Total comprehensive income for the year	-	1,498	1,498
Balance at 31 March 2018	**8,732**	**34,512**	**43,244**
Total comprehensive income for the year			
Profit for the year	-	1,894	1,894
Other comprehensive expense	-	(8)	(8)
Total comprehensive income for the year	-	1,886	1,866
Balance at 31 March 2019	**8,732**	**36,398**	**45,130**

Notes on pages 14 to 34 form part of these financial statements

Notes

(forming part of the financial statements)

1. Accounting policies

Basis of preparation

Sharp International Finance (U.K.) Plc (the "company") is a company incorporated, domiciled and registered in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Sharp Corporation, includes the company in its consolidated financial statements. The consolidated financial statements of Sharp Corporation are prepared in accordance with generally accepted accounting principles in Japan and are available to the public and may be obtained from the address in note 19.
In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries
- The effect of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.
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 21.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Company

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are new accounting standards that are effective for the year ended 31 March 2019. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. IFRS 15 replaces the provisions of IAS 18 that govern revenue recognition criteria. The Company has fully adopted these new standards in the year to 31 March 2019. Adoption of these standards did not result in any changes to reported financial performance. Given the Company is a treasury function revenue is recognised at the point in time the Company has completed its performance obligations (which is generally upon settlement, commission or interest accruing) no changes to the revenue recognition basis were required on adoption of IFRS 15. In respect of IFRS 9 the Company's main financial assets are trade and other receivables which are all collected within one year. As such the expected credit loss arising on trade receivables was insignificant. As such while the Company has fully adopted these two new standards there has been no impact on current or prior year results.

Notes

(forming part of the financial statements)

1. Accounting policies (continued)

(b) New standards and interpretations not yet adopted

The following standards or amendments to published standards are mandatory for accounting periods beginning on or after 1 April 2019, and have not been early adopted.

IFRS 16, 'Leases'. This new accounting standard requires lessees to recognise almost all lease contracts on the balance sheet; the only optional exemptions are for certain short-term leases and leases of low-value assets. The standard will also influence the income statement, because a lessee now has to recognise interest expense on the lease liability (obligation to make lease payments) and depreciation on the 'right-of-use' asset. Due to this, for lease contracts previously classified as operating leases the total amount of expenses at the beginning of the lease period will be higher than under IAS 17. For both, lessees and lessors IFRS 16 adds significant new, enhanced disclosure requirements. The standard is effective for periods beginning on or after 1 January 2019.

(c) 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.

(d) Going Concern

A key part of the company's activity is to provide cash management and funding to other Sharp group companies. It is dependent on Sharp Corporation for its ability to provide access to the funds that will be needed, either from other group companies or outside sources including under group-wide bank facilities. Whilst there is no formal commitment from Sharp Corporation to provide such funds that is the way the company has operated within the group for a number of years. There is no guarantee and the circumstances of the group may change, but the directors have made enquiries of Sharp Corporation and not identified any indication that this will not continue.

The directors have considered the financial position of Sharp Corporation based on its published results to assess whether it is capable of continuing to provide access to funds and have noted no indication it will not be able to.

Taking all these factors into account the directors conclude that the going concern basis of accounting remains appropriate in preparing the annual financial statements of the company.

(e) Foreign currencies

The accounts are presented in US Dollars, which is the functional currency of the company. The US Dollar is the principal trading currency of the company. All values are rounded to the nearest thousand dollars ($'000) except where otherwise indicated.

Monetary assets and liabilities are expressed in US Dollars at spot market rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities, such as tangible fixed assets and share capital, are translated at the rates ruling when acquired or issued, respectively. Income and expenses expressed in foreign currencies are translated into US Dollars using the rates of exchange ruling at the transaction dates. Translation differences are dealt with in the profit and loss account. Foreign currency gains and losses are reported on a net basis.

Notes

(forming part of the financial statements)

1. Accounting policies (continued)

(f) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on cost in equal instalments over the estimated useful lives of the assets less estimated residual value using the straight line method. Fixtures, fittings and office equipment are written off over a five year period.

(g) Classification of Financial Instruments

The company classifies its financial instruments in the following categories: financial assets or liabilities at fair value through profit and loss, loans and receivables and other liabilities as appropriate. The company determines the classification of its financial instruments at initial recognition. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial instruments not at fair value through profit and loss, directly attributable transaction costs. Purchases and sales of financial instruments are recognised on the trade date, being the date that the Company commits to purchase or sell the financial instruments. The subsequent measurement of financial instruments depends on their classification, as follows:

Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances only.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are recognised initially at fair value plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognized in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Interest-bearing loans

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.Derivative financial instruments

Notes

(forming part of the financial statements)

1. Accounting policies (continued)

(g) Classification of Financial Instruments (continued)

Derivative financial instruments

The company uses derivative financial instruments such as cross currency swaps and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Hedge accounting is not applied as the hedge relationships do not meet the criteria under IAS 39 to qualify for hedge accounting. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Foreign exchange contracts taken out on a back-to-back basis with banks and Sharp Group companies are stated on a gross basis.

The fair value of swaps contracts is determined by reference to valuation by third party brokers.

Any gains or losses arising from changes in the fair value of derivatives are taken to profit or loss.

Financial Instruments at fair value through profit and loss

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.

Financial instruments issued by the company

Following adoption of IAS 32, 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.

(h) Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if

Notes

(forming part of the financial statements)

1. Accounting policies (continued)

(h) Impairment of financial assets (continued)

objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(i) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

The company has made contribution to a defined benefit pension scheme for group companies operated by Sharp Electronics (U.K.) Limited. The net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted.

The defined benefit pension asset or liability in the balance sheet comprises the company's share of the total present value of the defined benefit obligation. The pension cost is assessed using the projected unit method in accordance with the advice of a qualified actuary. The company's share of the underlying assets and liabilities is based on the independent actuary's reports and has been identified on a consistent and reasonable basis.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The directors do not consider the amounts or impacts of the pension scheme significant on the results or balance sheet and so have not provided further disclosure.

(j) Turnover

Commission earned on foreign exchange trades, representing the difference in value between back-to-back foreign exchange contracts taken out with banks and Sharp group companies, is included in the profit and loss account on a trade date basis.

Settlement administration commission is included monthly in the profit and loss account at a fixed percentage of the amounts transferred from and to the Sharp group companies.

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Notes

(forming part of the financial statements)

1. Accounting policies (continued)

(k) Interest Payable and similar charges

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

(l) Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

Notes

(forming part of the financial statements)

2. Turnover

(a) The company has only one principal area of activity that of European treasury centre of its parent company. Turnover, which is all derived from continuing operations, consists of income arising from loans made to group undertakings and the holding of securities and commissions charged to fellow subsidiary undertakings.

(b) All turnover of the company originates in the United Kingdom. An analysis of turnover by geographical segment based on the destination is given below:

	2019	2018
	$'000	$'000
European Union	2,894	2,769
Japan	82	39
Other	318	338
	3,294	3,146

Turnover comprises:

	2019	2018
	$'000	$'000
Interest receivable	1,104	1,460
Foreign exchange commission receivable	691	963
Settlement administration commission receivable	150	173
Other	1,349	550
	3,294	3,146

3. Interest payable and similar expenses

	2019	2018
	$'000	$'000
Interest payable on financial liabilities at fair value through profit and loss		
Discount notes	754	507
Short term bank loans	95	95
Short term group loans	-	6
Long term bank loans	-	34
Exchange loss realised on loan interest	271	379
	1,120	1,021

Notes
(forming part of the financial statements)

4. Profit before taxation

	2019	2018
	$'000	$'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	-	-
Auditors' remuneration		
- audit of these financial statements	50	43
- other services	2	21
- tax compliance services	17	17

5. Staff costs

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

	2019	2018
	No.	No.
Dealing/administration	3	3

(b) The aggregate payroll costs of these persons were as follows:

	2019	2018
	$'000	$'000
Wages and salaries	408	458
Social security costs	19	19
Other pension costs	19	24
	446	501

6. Directors' Remuneration

Directors' remuneration was paid in respect of the directors of the company as follows:

	2019	2018
	$'000	$'000
Emoluments	169	166
Emoluments of the highest paid director were:	169	166

Notes

(forming part of the financial statements)

7. Tax on Profit

Analysis of charge recognised in the profit and loss account

	2019 $000	2019 $000	2018 $000	2018 $000
UK corporation tax				
Current tax on income for the year	411		283	
Group tax relief utilised in respect of prior year	-		-	
Adjustments in respect of prior periods	(126)		(180)	
		285		103
Double taxation relief	(1)		(4)	
		(1)		(4)
Foreign tax				
Current tax on income for the year	3		4	
		3		4
Total current tax		287		103
Deferred tax (see Note 15)				
Origination and reversal of timing differences	4		9	
Total deferred tax		4		9
Tax on profit		291		112

Notes

(forming part of the financial statements)

7. Tax on Profit (continued)

Reconciliation of effective tax rate	*2019*	*2018*
	$'000	*$'000*
Profit after taxation	1,894	1,401
Total tax expense	291	112
Profit excluding taxation	2,185	1,513
Effects of:		
Tax at 19% (2018: 19%) corporation tax rate	415	288
Expenses not deductible for tax purposes	4	4
Group tax relief utilised in respect of prior years	(142)	(159)
Prior year adjustment	16	(21)
Withholding Tax not recoverable	(2)	-
Other	-	-
Current tax charge for the year	291	112

Factors affecting the tax charge for future periods

Changes to the UK Corporation tax rate were substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). These changes include reductions to the main rate of corporation tax to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted rates.

Notes

(forming part of the financial statements)

8. Tangible fixed assets

	Fixtures, fittings and office equipment
	$'000
Cost:	
At 1 April 2018	272
Additions	-
Disposals	(126)
At 31 March 2019	146
Accumulated depreciation:	
At 1 April 2018	272
Charge for the year	-
Disposals	(126)
At 31 March 2019	146
Net book value:	
At 31 March 2018	-
At 31 March 2019	-

9. Debtors

	2019	*2018*
	$'000	*$'000*
Amounts owed by group undertakings	117,270	131,522
Accrued income from group undertakings	22	26
Prepayments and other accrued income	23	35
Deferred tax assets less pension (Note 15)	5	5
Corporation tax receivable	330	344
Other debtors	5	2
Amounts owed by parent company	17,711	9
	135,366	131,943

The receivables are unsecured in nature and mostly bear interest. No provisions are held against receivables from related parties (2018: nil).

Notes

(forming part of the financial statements)

10. Financial assets at fair value through profit and loss

	2019	*2018*
	$'000	*$'000*
Forward foreign exchange contracts	823	275
	823	275

11. Creditors: amounts falling due within one year

	2019	*2018*
	$'000	*$'000*
Accruals and deferred income	116	776
Amount owed to group undertakings including accrued interest	77,617	87,967
Bank loans (Note 14)	17,966	19,677
Corporation tax payable to fellow subsidiary undertakings	142	159
Corporation tax payable	85	53
Other taxes and social security costs	20	39
Amount owed to parent company	3	11
	95,949	108,682

The fair value of amounts owned by/due to group undertakings, trade creditors, other debtors and other creditors approximate their carrying amounts due to the short term maturities.
Amounts due to group undertakings are unsecured, mostly bear interest and have a fixed date of repayment.

12. Financial liabilities at fair value through profit and loss

	2019	*2018*
	$'000	*$'000*
Forward foreign exchange contracts	728	133
	728	133
Less: maturity within one year	(728)	(133)
Due after one year	-	-

Notes

(forming part of the financial statements)

13. Creditors: amounts falling due after more than one year

	2019	2018
	$'000	$'000
Long Term Bank Borrowings (Note 14)	-	-
	-	-

14. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019	2018
	$000	$000
Creditors falling due after more than one year		
Unsecured bank loans	-	-
Creditors falling due within less than one year		
Unsecured bank loans	17,966	19,677
Discount notes issued to fellow subsidiaries	77,566	87,954
Group loan	-	-
	95,532	107,631

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2019 $000	Carrying amount 2019 $000	Face value 2018 $000	Carrying amount 2018 $000
Bank loan	**EUR**	**0.501**	**2019**	**17,966**	**17,966**	19,677	19,677
TOTAL				**17,966**	**17,966**	19,677	19,677

	Currency	Nominal interest rate	Year of Maturity	Face value 2019 $000	Carrying amount 2019 $000	Face value 2018 $000	Carrying amount 2018 $000
Discount Notes	**EUR**	**0.751**	**2018**	-	-	35,641	35,641
Discount Notes	**JPY**	**0.090**	**2018**	-	-	12,693	12,693
Discount Notes	**JPY**	**0.090**	**2018**	-	-	7,334	7,334
Discount Notes	**USD**	**1.880**	**2018**	-	-	15,974	15,974
Discount Notes	**USD**	**1.860**	**2018**	-	-	5,492	5,492
Discount Notes	**EUR**	**0.250**	**2018**	-	-	614	614
Discount Notes	**EUR**	**0.250**	**2018**	-	-	1,968	1,968
Discount Notes	**EUR**	**0.250**	**2018**	-	-	1,230	1,230
Discount Notes	**EUR**	**0.250**	**2018**	-	-	2,090	2,090
Discount Notes	**EUR**	**0.250**	**2018**	-	-	4,918	4,918
Discount Notes	**EUR**	**0.526**	**2019**	**48,264**	**48,264**	-	-
Discount Notes	**JPY**	**0.005**	**2019**	**11,338**	**11,338**	-	-
Discount Notes	**USD**	**2.390**	**2019**	**17,964**	**17,964**	-	-
TOTAL				**77,566**	**77,566**	87,954	87,954

Notes

(forming part of the financial statements)

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	*2018*	*2019*	*2018*	*2019*	*2018*
	$000	*$000*	*$000*	*$000*	*$000*	*$000*
Defined Pension Benefit Deficit	*15*	*19*	-	-	*15*	*19*
Unamortised tax deduction for fair value difference	-	-	-	-	-	-
Capital allowance	5	5	-	-	5	5
Net tax assets / (liabilities)	20	24	-	-	20	24

Deferred taxation movements are:

	1 April 2018	Recognised in income	Recognised in equity	31 March 2019
	$000	*$000*	*$000*	*$000*
Defined Pension Benefit Deficit	19	(6)	2	15
Capital allowance	5	-	-	5
	24	(6)	2	20

Deferred tax movements in the prior year are:

	1 April 2017	Recognised in income	Recognised in equity	31 March 2018
	$000	*$000*	*$000*	*$000*
Defined Pension Benefit Deficit	41	(2)	(20)	19
Unamortised tax deduction for fair value difference	-	-	-	-
Capital allowance	6	(1)	-	5
	47	(3)	(20)	24

The deferred tax assets have been recognised at 17% (2018: 19%) being the UK corporation tax rate applicable from 1 April 2020.

Notes

(forming part of the financial statements)

16. Called up Share capital

	2019	2018
	$'000	$'000
Authorised and Allotted, called-up and fully paid:		
86,449 (2018: 86,449) ordinary shares of $100 each	8,645	8,645
500 (2018: 500) ordinary shares of £100 each	87	87
	8,732	8,732

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.

Dividends

The following dividends were recognized during the year

	2019	2018
	$'000	$'000
$0 (2018:$0) per qualifying ordinary share	-	-
	-	-

17. Financial instruments

The company's financial instruments comprise bank loans, borrowings from the parent company, loans to group companies, discount notes issued to group companies and forward foreign exchange contracts. The main purpose of these financial instruments is to raise and manage finance for the company's operations.

The company enters into derivative transactions to manage the currency risks arising from the company's operations and its sources of finance, principally through holding currency swaps and forward currency exchange contracts. The company does not enter into derivative transactions for any speculative purpose.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, foreign currency risk, credit risk and market risk. The board considers these risks and agrees policies for managing each of them, in order to ensure the long-term stability of the company's operations.

Risk management

It is the company's policy to reduce the financial risk of its financial instruments to a minimum by the use of foreign exchange. The company constantly monitors the movements of interest and currency rates as part of the normal daily business of the company.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments.

Interest rate risk

The short term loans to Sharp group companies are funded from available cash, discount notes issued to other Sharp group companies, borrowings from the parent company and bank loans. These short term assets and liabilities have fixed interest rates and hence no sensitivity to changes in interest rate risk.

Notes

(forming part of the financial statements)

17. Financial instruments (continued)

Foreign currency risk

The currency exposure of the company from making loans to group companies in foreign currencies is reduced to a minimum with the use of forward foreign currency contracts.

As at 31 March 2019, the net value of outstanding forward foreign exchange contracts which were entered into by the company amounted to $ 898,000 (2018: $147,990). The contracts are either arranged for fellow subsidiary undertakings and are entered on a back-to-back basis with a bank or as hedges for loans made in one currency and funded in another. As such the company has little exposure to changes in foreign currency rates.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

Group funds are also accessed with the issue of discount notes to and borrowings from fellow group subsidiaries. The maturity profiles of funding and investments are exactly matched as often as possible, except where the investment is an equity instrument.

As described in Note 1, whilst the company has access to funding from third parties, as part of Sharp Corporation group it is dependent upon the support of the parent company in arranging access to such funding.

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2019 and 2018 based on contractual undiscounted payments.

2019	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$000	*$000*	*$000*	*$000*	*$000*
Non-derivative financial liabilities	95,545	-	-	-	95,545
Derivative financial liabilities	634	94	-	-	728
Total	96,179	94	-	-	96,273

2018	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$000	*$000*	*$000*	*$000*	*$000*
Non-derivative financial liabilities	107,644	-	-	-	107,644
Derivative financial liabilities	100	33	-	-	133
Total	107,744	33	-	-	107,777

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities.

Notes

(forming part of the financial statements)

17. Financial instruments (continued)

Loans are made only to Sharp group companies. Transactions with Sharp group companies are considered to have minimal credit risk, because of the support of the parent company Sharp Corporation, as described in note 1. For other counterparties, counterparty credit risk is carefully managed through the setting of limits and frequent monitoring of exposures. All other counterparties are major financial institutions. In setting counterparty exposure limits, consideration is given to external credit agency ratings and internal limits. Regular examination is performed to check the continued credit-worthiness of all counterparties. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

Equity price risk

The company was not exposed to equity price risk during the year.

Market risk – Foreign currency risk

The company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts.

2019	GBP	EUR	JPY	PLN	CHF	SEK	DKK	NOK	CZK	RUB	Total
	$000	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*
Cash	116	192	9	1	5	6	1	1	1	1	333
Loans receivable	-	111,436	4,698	-	-	-	-	-	-	5,823	121,957
Forward FX contracts	9	(44,433)	6,640	-	-	-	-	-	-	(5,770)	(43,554)
Loan borrowing	-	(17,966)	-	-	-	-	-	-	-	-	(17,966)
Discount Note	-	(48,264)	(11,338)	-	-	-	-	-	-	-	(59,602)
Net exposure	125	965	9	1	5	6	1	1	1	54	1,168

2018	GBP	EUR	JPY	PLN	CHF	SEK	NOK	DKK	CZK	RUB	Total
	$000	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*
Cash	130	56	17	3	2	1	-	1	1	-	211
Loans receivable	-	127,362	-	-	-	-	-	-	-	4,149	131,511
Forward FX contracts	11	(61,061)	20,028	-	-	-	-	-	-	(4,204)	(45,226)
Loan borrowing	-	(19,677)	-	-	-	-	-	-	-	-	(19,677)
Discount Note	-	(46,461)	(20,027)	-	-	-	-	-	-	-	(66,488)
Net exposure	141	219	18	3	2	1	-	1	1	(55)	331

Notes

(forming part of the financial statements)

17. Financial instruments (continued)

Sensitivity analysis

A 5 percent weakening of the following currencies against the US Dollar as at 31st March would have increased/(decreased) profit and loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. This analysis is performed on the same basis for 31st March 2018.

	2019	*2018*
	$'000	*$'000*
EUR	(49)	(11)
JPY	2	(1)
RUB	(3)	3

A 5 percent strengthening of the above currencies against the US Dollar as at 31st March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant. A change in the value of either currency would cause no significant change in the value of equity.

Market risk – Interest rate risk

As at balance sheet date the interest rate profile of the company's interest-bearing financial instruments was:

	2019	*2018*
Fixed rate instruments	*$'000*	*$'000*
Financial assets	134,957	131,511
Financial liabilities	95,532	107,631

Sensitivity analysis

Because all financial assets and liabilities are fixed rate, an increase or decrease in interest rate of 5 percent would have no effect on equity or profit and loss.

Notes

(forming part of the financial statements)

17. Financial instruments (continued)

Fair values of financial assets and liabilities

The carrying values and fair values of financial assets and liabilities other than those detailed in notes 10 and 12, are considered to be approximately equal considering the risks stated above.

The valuation methods used for valuing long term financial instruments is set out in Accounting Policies.

Fair value hierarchy

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2019 $000	Fair value 2019 $000	Level 1 2019 $000	Level 2 2019 $000	Level 3 2019 $000	Carrying amount 2018 $000	Fair value 2018 $000	Level 1 2018 $000	Level 2 2018 $000	Level 3 2018 $000
Financial assets designated as fair value through profit or loss (Note 10)										
Forward foreign exchange contracts	823	823	-	823	-	275	275	-	275	-
	823	823	-	823	-	275	275	-	275	-
Other financial assets										
Loans and settlement commission receivable	134,976					131,531				
Cash and time deposits	5,692					19,932				
	140,668					151,463				

Notes

(forming part of the financial statements)

17. Financial instruments (continued)

	Carrying amount 2019 $000	Fair value 2019 $000	Level 1 2019 $000	Level 2 2019 $000	Level 3 2019 $000	Carrying amount 2018 $000	Fair value 2018 $000	Level 1 2018 $000	Level 2 2018 $000	Level 3 2018 $000
Financial liabilities designated as fair value through profit or loss (Note 12)										
Accrued FX commission	728	728	-	728	-	133	133	-	133	-
	728	728	-	728	-	133	133	-	133	-
Financial liabilities measured at amortised cost										
Amount owed to fellow subsidiary undertakings	77,556					87,954				
Bank loans	17,966					19,677				
	95,522					107,631				

The following show the valuation techniques used for level 2 fair values. There are no financial instruments that are classified as level 1 and 3.

Derivatives

The fair value of derivatives is determined by reference to rates quoted by third party brokers. Similar contracts are traded in an active market and the quotes reflect actual transactions in similar instruments.

Notes

(forming part of the financial statements)

18. Capital management

The primary objective of the company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The company's policy is to match all borrowing, long or short term, to an asset of corresponding duration.

As a result the ratio of capital to assets net of current financial liabilities for the year to 31st March 2019 is 99.84% (2018: 99.79%). The capital comprises called-up capital, retained profits and revaluation reserve.

19. Ultimate parent company and related party transactions

The immediate and ultimate parent company is Sharp Corporation, a company incorporated in Japan. Copies of the accounts of Sharp Corporation can be obtained from the head office at 1 Takumi-cho, Sakai-ku, Sakai City, Osaka 590-8522, Japan.

20. Related party transaction

During the year the company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

21. Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported annual amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

Fair value measurement of financial instruments

When the fair value of financial assets and liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. Refer to Note 17 for further details of the valuation approach adopted.

Assessment of amounts owed by group/parent undertakings for impairment

The company has loans issued to group/parent undertakings at 31 March 2019 of $134.9m. The directors have considered the ability of the group/parent undertakings to repay these amounts and they currently do not consider any significant impairment risk exists and no provision is held.