Company Registration No. 00438269 (England and Wales)

PILKINGTON ITALY UNLIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

PILKINGTON ITALY UNLIMITED

COMPANY INFORMATION

Directors	Mr I M Smith Mr P J Ravenscroft Ms J A Massa Miss J A Brown
Secretary	Mr I M Smith
Company number	00438269
Registered office	European Technical Centre Hall Lane Lathom Nr Ormskirk Lancashire England L40 5UF
Auditor	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Principal activities and review of the business
The company holds investments in one entity in China and one in India. Each investee is involved in the manufacture and distribution of flat glass products for the automotive or construction sectors. The Company also has a loan receivable from a fellow subsidiary of the NSG Group.

The company does not trade. In addition the only assets and liabilities are with group undertakings. As a result, the directors do not consider there to be any significant risks or uncertainties to disclose. Also there is no trading performance that requires monitoring and therefore no key performance indicators to disclose.

The directors are satisfied with the performance of the business which will continue with its principal activities for the foreseeable future.

COVID-19 Impact
The company expects the revenues and profits from its subsidiary undertakings in FY2021 to decline from FY2020 levels due to the impact of the COVID-19 pandemic. The company expects a gradual recovery of demand during FY2021, but it is not clear what the timing and extent of this recovery is likely to be. The company itself does not trade directly in the glass market, therefore the impact for the company in FY2021 will be related to the valuation of its subsidiary undertakings.

The current economic environment has led to a severe disruption of the NSG Group's normal business activity. In response to the COVID-19 pandemic and a lack of demand for glass, the NSG Group has taken appropriate action to reduce production at various plants with the utmost priority on health and safety of its employees. The NSG Group is focused on saving cash costs in a variety of areas and is also actively seeking government assistance where such programs are available. The NSG Group will continue its programs of disposing of non-core assets and improving the efficiency of working capital. Additionally, the NSG Group and the company will prioritise capital expenditure to focus on strategically important and urgent projects, suspending expenditure on other projects where appropriate.

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S172 Statement

Promoting long term success

The NSG Group's strategy for improved long-term success is based on making a shift to become a value-added Group. This will be achieved by focusing on areas where NSG Group technologies have a strategic advantage and then establishing growth drivers in multiple, promising products, and in high-growth areas. Descriptions of the Group's approach apply equally to all subsidiary companies.

The directors of the company are always mindful of the NSG Group's strategic priorities and values when setting the strategic direction of the company, as well as when undertaking the day to day management activities. The Group also has a series of detailed policies and procedures that are applied by all subsidiaries. Regular self-assessment is undertaken to ensure that the activities of the company comply with the Group's policies and also ensure compliance with the Group's detailed risk and control framework.

The board of directors consists of a mixture of executive and non-executive directors. The executive directors are employed by the company and are intimately involved in its day to day management. The non-executive directors are employed by other NSG Group companies. These directors represent the interest of the company's shareholders and may contribute specialist skills to the running of the company.

The directors meet regularly to discuss latest trading performance and to approve significant transactions. Ad-hoc meetings are also held as required for specific purposes, such as the approval of annual accounts, or the approval of a dividend payment.

The directors aim to promote the long-term success of the company and consider stakeholders in the decision-making process. The company is a non-manufacturing, holding company and therefore has no suppliers or customers. The company does not have any employees, with all administrative duties being performed by employees of fellow NSG Group subsidiary companies. The main stakeholders are therefore the parent company, NSG UK Enterprises Limited and the ultimate holding company of the NSG Group, Nippon Sheet Glass Co., Limited, whose interests are represented by the range of directors on the board.

On behalf of the board

Mr I M Smith
Director
15 September 2020

PILKINGTON ITALY UNLIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their financial statements for the year ended 31 March 2020.

Results and dividends

The profit for the year on ordinary activities before taxation amounted to £14,823 k (2019 profit: £5,002 k), taxation thereon amounted to a charge of £343 k (2019 charge: £942 k), leaving a profit after taxation of £14,480 k (2019 profit: £4,060 k).

Ordinary dividends were paid amounting to £9,000 k. The directors recommend payment of a final dividend amounting to £4,000 k.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr I M Smith
Mr P J Ravenscroft
Ms J A Massa
Miss J A Brown

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in place as at the date of approving the directors' report.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Post reporting date events

Following the balance sheet date the company has disposed of its investment in Tianjin SYP Glass Co., Ltd with no gain or loss arising.

Auditor

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going Concern
The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The financial position of the company is also found within the annual accounts.

The directors have made enquiries of the directors of Nippon Sheet Glass Company, Limited (the ultimate parent company of the NSG group), in respect of banking arrangements and are satisfied that such support will be available from its cash flows and financial facilities for the foreseeable future. In addition the directors have received a letter of financial support from the immediate parent company, NSG UK Enterprises Limited. The directors therefore have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern and have adopted the going concern basis in the preparation of the financial statements.

Stakeholder engagement statement
As mentioned in the strategic report, the company is not a manufacturing or trading entity and therefore does not have any customer or supplier stakeholders. The main stakeholders are the parent company NSG UK Enterprises Limited and the ultimate holding company of the NSG Group, Nippon Sheet Glass Co., Limited.

The directors of the company include senior managers of the NSG Group, many of whom have global positions within the Group and therefore have a regard for the NSG Group as a whole.

Employee engagement statement
As mentioned in the strategic report, the company does not employ anyone. All administrative duties are performed by employees of fellow NSG Group subsidiary companies.

On behalf of the board

Mr I M Smith
Director

15 September 2020

PILKINGTON ITALY UNLIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PILKINGTON ITALY UNLIMITED

Opinion

We have audited the financial statements of Pilkington Italy Unlimited for the year ended 31 March 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Emphasis of Matter - Effects of COVID-19

We draw attention to Note 1 of the Financial Statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting supply chains, consumer demand, personnel available for work and being able to access offices. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 audit 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 Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our audit report.

Use of our report

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 auditors' 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.

Ernst & Young LLP

Jamie Dixon (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
Date: 15 September 2020

PILKINGTON ITALY UNLIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £000	2019 £000
Administrative expenses		(16)	(14)
Exceptional item	3	2,822	-
Operating profit/(loss)	4	2,806	(14)
Investment income	6	6,782	7,753
Other gains and losses	7	5,235	(2,737)
Profit before taxation		14,823	5,002
Tax on profit	8	(343)	(942)
Profit for the financial year		14,480	4,060

The income statement has been prepared on the basis that all operations are continuing operations.

PILKINGTON ITALY UNLIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020 £000	2019 £000
Profit for the year	14,480	4,060
Other comprehensive income/(expenditure):		
Items that will not be reclassified to profit or loss		
Assets held at fair value through other comprehensive income:		
Gains/(losses) arising during the year	1,627	(6,941)
Total other comprehensive income for the year	1,627	(6,941)
Total comprehensive income for the year	16,107	(2,881)

PILKINGTON ITALY UNLIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Receivables falling due after one year	**12**	141,607	145,863
Deferred tax asset	**14**	5,948	6,288
Investments	**10**	21,155	19,528
		168,710	171,679
Current assets			
Other receivables	**12**	21,257	11,244
Cash at bank and in hand		61	1
		21,318	11,245
Current liabilities			
Trade creditors and other payables	**13**	-	3
Net current assets		21,318	11,242
Total assets less current liabilities		190,028	182,921
Net assets		190,028	182,921

PILKINGTON ITALY UNLIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

	Notes	2020 £000	2019 £000
Capital and reserves			
Called up share capital	**15**	-	-
Share premium account		179,464	179,464
Fair value reserve		(5,317)	(6,944)
Profit and loss account		15,881	10,401
Total equity		190,028	182,921

The financial statements were approved by the Board of directors and authorised for issue on 15 September 2020

Signed on its behalf by:

JAMassa

Ms J A Massa
Director

Company Registration No. 00438269

PILKINGTON ITALY UNLIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share premium account £000	Fair value reserve £000	Retained earnings £000	Total £000
Balance at 1 April 2018		179,464	(3)	17,841	197,302
Year ended 31 March 2019:					
Profit for the year		-	-	4,060	4,060
Other comprehensive income:					
Adjustments to fair value of financial assets		-	(6,941)	-	(6,941)
Total comprehensive income for the year		-	(6,941)	4,060	(2,881)
Dividends	9	-	-	(11,500)	(11,500)
Balance at 31 March 2019		179,464	(6,944)	10,401	182,921
Year ended 31 March 2020:					
Profit for the year		-	-	14,480	14,480
Other comprehensive income:					
Adjustments to fair value of financial assets		-	1,627	-	1,627
Total comprehensive income for the year		-	1,627	14,480	16,107
Dividends	9	-	-	(9,000)	(9,000)
Balance at 31 March 2020		179,464	(5,317)	15,881	190,028

1 Accounting policies

Company information

Pilkington Italy Unlimited is a private company limited by shares incorporated in England and Wales. The registered office is European Technical Centre, Hall Lane, Lathom, Nr Ormskirk, Lancashire, England, L40 5UF.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

In line with NSG Group policy, the company has early-adopted IFRS9 Financial Instruments since FY17.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Nippon Sheet Glass Company, Limited in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Nippon Sheet Glass Company, Limited. The group accounts of Nippon Sheet Glass Company, Limited are available to the public and can be obtained as set out in note 18.

1 Accounting policies **(Continued)**

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The financial position of the company is also found within the annual accounts.

The directors have considered the financial position and future prospects of the company. In addition, the directors have made enquiries of Nippon Sheet Glass Company, Limited (the ultimate Parent company of the NSG group), in order to satisfy themselves that financial support would be available from this company should it be needed. In addition the directors have received a letter of financial support from the immediate parent company, NSG UK Enterprises Limited. Based on their considerations and enquiries, the directors have concluded that the company continues as a going concern and have prepared these accounts on this basis.

<u>COVID-19 Impact</u>

The company expects the revenues and profits from its subsidiary undertakings in FY2021 to decline from FY2020 levels due to the impact of the COVID-19 pandemic. The company expects a gradual recovery of demand during FY2021, but it is not clear what the timing and extent of this recovery is likely to be. The company itself does not trade directly in the glass market, therefore the impact for the company in FY2021 will be related to the valuation of its subsidiary undertakings.

The current economic environment has led to a severe disruption of the NSG Group's normal business activity. In response to the COVID-19 pandemic and a lack of demand for glass, the NSG Group has taken appropriate action to reduce production at various plants with the utmost priority on health and safety of its employees. The NSG Group is focused on saving cash costs in a variety of areas and is also actively seeking government assistance where such programs are available. The NSG Group will continue its programs of disposing of non-core assets and improving the efficiency of working capital. Additionally, the NSG Group and the company will prioritise capital expenditure to focus on strategically important and urgent projects, suspending expenditure on other projects where appropriate.

1.3 Non-current investments

Subsidiary undertakings, joint ventures and associates are carried at their original historical cost less any impairment which is charged to the profit and loss account. The directors will recognise an impairment where they consider that there is a significant and/or permanent diminution in valuation of investments.

1.4 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not determine when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.5 Financial instruments

The company has adopted IFRS9 from FY17 onwards. The company classifies its financial instruments in the following categories: financial assets and liabilities at fair value through profit or loss, financial assets and liabilities held at amortised cost, and financial assets held at fair value through other comprehensive income. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The evaluation considers the characteristics of the cash flows generated by the investments and the company's business model rationale for holding the investments.

1 Accounting policies **(Continued)**

Financial assets at fair value through profit or loss

The category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets/liabilities in this category are classified as current assets/liabilities if they are either held or trading or are expected to be realised within 12 months of the balance sheet date.

1 Accounting policies (Continued)

Financial assets and liabilities at amortised cost

Assets within this category are included in the company's balance sheet as receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date and these are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Liabilities in this category are included in the balance sheet either as financial liabilities – borrowings, or as trade and other payables. Financial liabilities - borrowings predominantly arise from the company's lending facilities arranged with its banks, classified either as current liabilities for maturities within 12 months, or non-current for maturities later than 12 months. Liabilities in this category have fixed or determinable payments to debt holders and are not quoted in an active market. Trade and other payables arise when the company receives goods and services from its suppliers and is similarly split into current and noncurrent liabilities dependent on the time period expected before settlement.

Financial assets and liabilities at amortised cost are carried at amortised cost using the effective interest method, unless the asset or liability arises through the normal course of business with payments terms that indicate that the group is neither granting a financing arrangement to its suppliers or receiving one from its customers. Where no financing arrangement exists then the asset, classified as a receivable or payable, is held at amortised cost.

Borrowings consist of bonds payable, loans payable, lease obligations and non-controlling interests entitled to receive a fixed share dividend. Borrowings are recognised initially at fair value then subsequently stated at amortised cost. Borrowing transaction costs are expensed in the income statement over the period to the maturity of the related financial liability. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Non-equity preference shares are classified as liabilities and are measured in the balance sheet at their most recent redemption price. The dividends on these preference shares are recognised in the income statement as interest expense. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The company applies the expected credit loss method to receivables balances and also considers individual provisions for specific balances where appropriate. This involves considering likely credit losses for a portfolio of receivables using a range of forward looking scenarios. A provision for impairment of trade receivables is established with respect to an individual receivable when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of trade. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The expected credit loss method applied to a portfolio of receivables can result in a provision being created even when on an individual basis, the company expects each receivable to be converted to cash with no loss arising. The movement in receivables provisions is recognised in the income statement.

Where trade receivables are sold to a financial institution through a securitisation program and where the company does not retain the significant risks and rewards of these receivables, or where the company retains an element of risk and reward but no longer controls the asset, the company derecognises the trade receivables.

1 Accounting policies **(Continued)**

Financial assets and liabilities at fair value through other comprehensive income
Financial assets held at fair value through other comprehensive income are non-derivative financial investments where the company is unable to exert significant influence over the investee. This category of investment could include equity investments or investments that are expected to generate fixed or determinable payments.

Financial assets at fair value through other comprehensive income are initially and subsequently recognised at fair value. Unrealised gains and losses arising from changes in the fair value of such assets are recognised within the statement of comprehensive income and result in a movement within the fair value reserve within equity. The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. When assets that represent fixed interest investments held in this category are impaired, then the company treats this as a realised loss recognised in the income statement, with historical amounts recycled from reserves through the statement of comprehensive income. When assets that represent equity investments held in this category are impaired, resulting in a realised loss, then that realised loss is recognised in the statement of comprehensive income.

1.6 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

Current tax
Current income taxes are measured based on the amount expected to be paid to, or recovered from, taxation authorities.

Deferred tax
Deferred income tax is provided in full, using the liability method and without discounting, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2 Adoption of new and revised standards and changes in accounting policies

The company has adopted IFRS 16 'Leases' from the company's financial period commencing 1 April 2019. This new standard addresses the principles for the recognition and measurement of leases, and replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an Agreement contains a Lease'. There is no impact on these financial statements as a result of this standard coming into effect.

2 Adoption of new and revised standards and changes in accounting policies (Continued)

Standards which are in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for annual accounting periods beginning on or after 1 April 2019, once endorsed by the EU. However, these are not considered to be relevant or potentially material to the company's primary financial statements.

3 Exceptional items

	2020 £000	2019 £000
Disposal of investments in joint ventures	2,822	-

The current year exceptional item relates to the gain on the disposal of Jiangsu Pilkington SYP Glass Co Ltd. The sale has been recognised in the year with proceeds included in current receivables.

4 Operating profit/(loss)

	2020 £000	2019 £000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	5	3
Management fees	10	9

5 Employees

None of the directors received any emoluments from the company during the year (2019: none). The emoluments of the directors are paid by fellow subsidiary companies. An element of the directors cost is included within a management fee charged to the company and included within administrative expenses.

The company did not employ anyone during the year. All administrative duties are performed by employees of fellow subsidiary companies.

6 Investment income

	2020 £000	2019 £000
Interest income		
Interest receivable from group companies	6,782	7,753

PILKINGTON ITALY UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7 Other gains and losses

	2020 £000	2019 £000
Exchange (losses)/gains on financial assets	5,217	(2,737)
Foreign exchange gain	18	-
	5,235	(2,737)

8 Income tax expense

	Continuing operations	
	2020 £000	2019 £000
Current tax		
Current year taxation	3	92
Deferred tax		
Deferred tax	340	850
Total tax charge	343	942

(Continued)

8 Income tax expense

The charge for the year can be reconciled to the profit per the income statement as follows:

	2020 £000	2019 £000
Profit before taxation	14,823	5,002
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00%	2,816	950
Expenses not deductible in determining taxable profit	-	520
Income not taxable	(995)	-
Gains not taxable	(536)	-
Double tax relief	(3)	(92)
Group relief	(332)	(428)
Effect of overseas tax rates	3	92
Difference in corporate and deferred tax rate	-	(100)
Change in deferred tax rate	(610)	-
Tax charge/(credit) for the year	343	942

The company has tax losses carried forward of £107,074k (2019: £112,642k) on which £75,769k (2019: £76,337k) has no deferred tax recognised.

9 Dividends

	2020 per share	2019 per share	2020 £000	2019 £000
Amounts recognised as distributions to equity holders:				
53,223,107,199 ordinary shares				
Final dividend paid	-	-	9,000	11,500

The proposed final dividend for the year ended 31 March 2020 is:

	Per share	Total
53,223,107,199 ordinary shares	-	4,000

The proposed final dividend is subject to approval by directors and has not been included as a liability in these financial statements.

10 Investments

	Current		Non-current	
	2020	2019	2020	2019
	£000	£000	£000	£000
Fair value through other comprehensive income				
Investment in Tianjin SYP Glass Co., Ltd	-	-	1,627	-
Amortised cost				
Investments in subsidiaries and joint ventures	-	-	19,528	19,528
Non-current investments	-	-	21,155	19,528

Investments are held at fair value through other comprehensive income when the company does not have a significant influence over the finance and operating policies of the investee. The company generally expects to retain its investments in these entities, although may consider disposals on an opportunistic basis if appropriate. The company considers gains and losses arising from the fluctuations in valuations of investments to be unrealised and that this accounting treatment is more aligned with its intensions with respect to these investments.

Investments held at amortised cost are held at cost less any impairment.

Movements in investments

	Shares £000
Cost or valuation	
At 31 March 2020	40,148
Impairment	
At 1 April 2018 & 31 March 2019	(20,620)
Fair value movement	1,627
At 31 March 2020	(18,993)
Carrying amount	
At 31 March 2020	21,155
At 31 March 2019	19,528

11 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Pilkington Automotive India Private Limited	India	100	100	Sub-holding company

12 Trade and other receivables

	Current		Non-current	
	2020	2019	2020	2019
	£000	£000	£000	£000
Receivable related to proceeds of Jiangsu Pilkington SYP Glass Co., Ltd disposal	2,864	-	-	-
Loans and receivables from related parties	15,964	8,106	141,607	145,863
Amounts owed by related parties	2,429	3,138	-	-
	21,257	11,244	141,607	145,863

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

13 Trade and other payables

	2020	2019
	£000	£000
Amounts owed to related parties	-	3

14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Tax losses £000
Deferred tax asset at 1 April 2018	7,138
Deferred tax movements in prior year	
Charge to profit or loss	(850)
Deferred tax asset at 1 April 2019	6,288
Deferred tax movements in current year	
Charge to profit or loss	(950)
Effect of change in tax rate - profit or loss	610
Deferred tax asset at 31 March 2020	5,948

15 Share capital

	2020 £000	2019 £000
Issued and fully paid		
53,223,107,201 ordinary shares of £0.000000000019 each	-	-

16 Other Reserves

The analysis of movements in reserves is now included within the Statement of Changes in Equity.

17 Events after the reporting date

Following the balance sheet date the company has disposed of its investment in Tianjin SYP Glass Co., Ltd with no gain or loss arising.

18 Controlling party

The immediate parent undertaking is NSG UK Enterprises Limited, registered in England and Wales. This company has not prepared consolidated financial statements as the directors regard the ultimate parent undertaking and controlling party to be Nippon Sheet Glass Company, Limited, a company registered in Japan. Nippon Sheet Glass Company, Limited has prepared consolidated financial statements for the year to 31 March 2020, a copy of which can be obtained from the Company Secretary, Nippon Sheet Glass Company, Limited, West Wing, 5-27, Mita 3-Chome, Minato-ku, Tokyo, 108-6321, Japan.