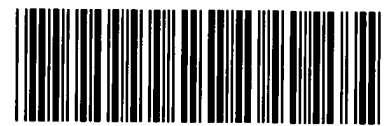


AMENDED

Company Registration No. 05584873 (England and Wales)

NSG UK ENTERPRISES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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NSG UK ENTERPRISES LIMITED

COMPANY INFORMATION

Directors

Mr I M Smith
Mr P J Ravenscroft
Ms J A Massa
Mr K Hiyoshi
Mr K Morooka
Mr T P Bolas
Mr R J Mercer
Mr H Aiura

Secretary

Mr I M Smith

Company number

05584873

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

NSG UK ENTERPRISES LIMITED

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NSG UK ENTERPRISES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report and financial statements for the year ended 31 March 2020.

Principal Activities

The company is a member of the Nippon Sheet Glass (NSG) Group of companies.

The principal activities of the company are:

- 1) to manage the funding and treasury management operations of the NSG Group including acting as an intermediary in debt factoring arrangements; and
- 2) to carry on the business of an investment holding company.

Review of the business

As one of the principle activities of the company is that of an investment holding company, its financial results are mainly determined by dividends paid by subsidiaries, as well as ongoing finance income and expenditure. During the year, dividends received were £260,299 k (2019: £19,040 k).

The company is exposed to interest rate, foreign currency, credit and energy risk price from its principal activity of managing the NSG Group's exposure to such risks through the use of financial derivatives. The types of derivatives used, their purpose and fair values as at 31 March 2020 are disclosed in the accounting policies and note 13.

The company complies with the appropriate risk management policies employed and has in place a risk management programme that seeks to limit the effects on the financial performance of the company by using foreign currency financial instruments, including debt and other instruments to fix interest rates.

The directors consider that the cash flow and liquidity risks that face the company from time to time will be met either by the company's own resources or with the assistance of another company in the NSG Group if required.

The company has significant investments and some indirect subsidiaries are subject to changes in value as a result of foreign exchange as well as performance. Changes in fair value of investments are recognised through the Statement of Comprehensive Income and held within the Revaluation Reserve. Gains and losses on foreign currency loans and derivatives used to hedge these investments are recognised in the Income Statement within other gains and losses.

COVID-19 Impact

The company expects the revenues and profits from its subsidiary undertakings in FY2021 to decline from FY2019 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, 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.

NSG UK ENTERPRISES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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 company. 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 or its subsidiaries 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 directly have any employees, with all administrative duties being performed performed by employees of subsidiary companies. The main stakeholders are therefore the parent company, NSG Holding (Europe) 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



Ms J A Massa

Director

24 July 2020

NSG UK ENTERPRISES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Results and dividends

The profit for the year on ordinary activities before taxation amounted to £236,973 k (2019: loss £3,618 k), taxation thereon amounted to £53 k (2019: £102 k), leaving a profit after taxation of £236,920 k (2019: loss £3,720 k).

Included in the profit before taxation are dividends from NSG UK Finance Unlimited of £244,949k. Following the payment of these dividends, NSG UK Finance Unlimited became dormant. Consequently, NSG UK Enterprises Limited has impaired its valuation of NSG UK Finance Unlimited to nil with a charge of £244,037k being included within the Statement of Comprehensive Income.

The directors do not recommend payment of a dividend.

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
Mr K Hiyoshi
Mr K Morooka
Mr T P Bolas
Mr R J Mercer
Mr H Aiura

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

No post balance sheet events which would require adjustment or disclosure in these accounts have been identified since the year end.

Auditor

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

NSG UK ENTERPRISES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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 financial statements.

The directors have made enquiries of the directors of NSG Company, Limited (the ultimate Parent company of the NSG group), in respect of banking arrangements and are satisfied that, notwithstanding any further re-financing, such support will be available from its cash flows and existing facilities for the foreseeable future. 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 trading entity and therefore does not have any customer or supplier stakeholders. The main stakeholders are the parent company NSG Holding (Europe) 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 organisation 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 subsidiary companies.

On behalf of the board



Ms J A Massa
Director

24 July 2020

NSG UK ENTERPRISES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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

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.

NSG UK ENTERPRISES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NSG UK ENTERPRISES LIMITED

Opinion

We have audited the financial statements of NSG UK Enterprises Limited 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 21 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 Strategic Report 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.

NSG UK ENTERPRISES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF NSG UK ENTERPRISES LIMITED

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.

NSG UK ENTERPRISES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF NSG UK ENTERPRISES LIMITED

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 auditor's 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 auditor's 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

24 July 2020

**Chartered Accountants
Statutory Auditor**

2 St Peter's Square
Manchester
M2 3EY

NSG UK ENTERPRISES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
	Notes	£000	£000
Administrative expenses		(995)	985
Other operating income		9,172	1,720
Operating profit		<u>8,177</u>	<u>2,705</u>
Investment income	6	285,251	44,290
Interest payable and similar charges	7	(32,800)	(35,548)
Other gains and losses	8	(23,655)	(15,065)
Profit/(loss) before taxation		<u>236,973</u>	<u>(3,618)</u>
Tax on profit/(loss) on ordinary activities	9	(53)	(102)
Profit/(loss) for the financial year		<u><u>236,920</u></u>	<u><u>(3,720)</u></u>

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

NSG UK ENTERPRISES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020 £000	2019 £000
Profit/(loss) for the year	236,920	(3,720)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Revaluation of investments	(466,768)	(115,566)
Total items that will not be reclassified to profit or loss	(466,768)	(115,566)
Items that may be reclassified to profit or loss		
Cash flow hedges:		
Losses arising during the year	(212)	(1,577)
Total items that may be reclassified to profit or loss	(212)	(1,577)
Total other comprehensive income for the year	(466,980)	(117,143)
Total comprehensive income for the year	(230,060)	(120,863)

NSG UK ENTERPRISES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Intangible assets - goodwill		511	-
Derivative financial instruments	13	9,167	1,956
Receivables falling due after one year	12	1,053,971	669,668
Investments	10	2,515,117	2,983,325
		<u>3,578,766</u>	<u>3,654,949</u>
Current assets			
Derivative financial instruments	13	36,346	9,789
Trade and other receivables	12	35,495	32,651
Cash at bank and in hand		47,017	41,509
		<u>118,858</u>	<u>83,949</u>
Current liabilities			
Borrowings	15	1,064,380	112,424
Trade and other payables	17	58,080	21,525
Derivative financial instruments	13	29,859	9,403
		<u>1,152,319</u>	<u>143,352</u>
Net current liabilities		<u>(1,033,461)</u>	<u>(59,403)</u>
Total assets less current liabilities		<u>2,545,305</u>	<u>3,595,546</u>
Non-current liabilities			
Borrowings	15	811,036	1,640,879
Trade and other payables	17	-	307
Derivative financial instruments	13	15,662	5,693
		<u>826,698</u>	<u>1,646,879</u>
Net assets		<u>1,718,607</u>	<u>1,948,667</u>

NSG UK ENTERPRISES LIMITED

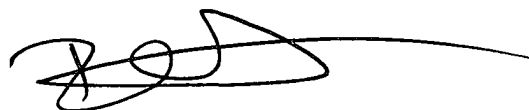
STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

	Notes	2020 £000	2019 £000
Capital and reserves			
Called up share capital	18	426,962	426,962
Share premium account		1,014,302	1,014,302
Revaluation reserve		(1,485,481)	(1,018,713)
Hedging reserve		(2,243)	(2,031)
Profit and loss account		1,765,067	1,528,147
Total equity		<u>1,718,607</u>	<u>1,948,667</u>

The financial statements were approved by the Board of directors and authorised for issue on 24 July 2020

Signed on its behalf by:



Mr I M Smith
Director

Company Registration No. 05584873

NSG UK ENTERPRISES LIMITED

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

	Notes	Share capital £000	Share premium account £000	Revaluation reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
Balance at 1 April 2018		1,801,478	1,014,302	(903,147)	(454)	157,351	2,069,530
Year ended 31 March 2019:							
Loss for the year		-	-	-	-	(3,720)	(3,720)
Other comprehensive income:							
Adjustments to fair value of investments		-	-	(115,566)	-	-	(115,566)
Cash flow hedges gains		-	-	-	(1,577)	-	(1,577)
Total comprehensive income for the year		-	-	(115,566)	(1,577)	(3,720)	(120,863)
Reduction in shares	18	(1,374,516)	-	-	-	1,374,516	-
Balance at 31 March 2019		426,962	1,014,302	(1,018,713)	(2,031)	1,528,147	1,948,667
Year ended 31 March 2020:							
Profit for the year		-	-	-	-	236,920	236,920
Other comprehensive income:							
Adjustments to fair value of investments		-	-	(466,768)	-	-	(466,768)
Cash flow hedges gains		-	-	-	(212)	-	(212)
Total comprehensive income for the year		-	-	(466,768)	(212)	236,920	(230,060)
Balance at 31 March 2020		426,962	1,014,302	(1,485,481)	(2,243)	1,765,067	1,718,607

The revaluation reserve reflects the fair value movements on available for sale investments recognised in other comprehensive income.

The hedging reserve includes fair value gains and losses on those derivative financial instruments that meet the criteria for hedge accounting.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

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 Company has taken advantage of the exemption under S400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of a listed Japanese Group whose results are publically available as set out in note 21.

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 B67 of 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 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, 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 21.

As one of the company's principal activities is to manage the funding requirements of the NSG UK Enterprises Group the company has not taken the following disclosure exemptions under FRS101;

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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 financial statements.

The directors have considered the financial position and future prospects of the company and also its subsidiaries. This review included an analysis of expected cashflows together with financial facilities available to 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 in the unforeseen event that it were needed. Based on their analysis and enquiries, the directors have concluded that the company continues to be a going concern and have prepared accounts on this basis.

1.3 Investments in associates and subsidiaries

The company has designated its investments in subsidiaries and associates as fair value through other comprehensive income. Fair value is measured on an EBITDA multiple calculation where market values are not available (or net asset value, if the asset is not income generating).

The company will transfer between reserves when it considers movements in value to be recognised.

1.4 Borrowing costs

Borrowings are recognised initially at fair value. Borrowing transaction costs are expensed in the income statement over the period to the maturity of the related financial liability. Borrowings are subsequently stated at amortised cost. 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.

1.5 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.7 Financial assets

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.

Financial assets at fair value through profit or loss

This 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 for trading or are expected to be realised within 12 months of the balance sheet date.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Financial assets 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.

1.8 Fair value measurement

The fair value of financial instruments traded in active markets (such as derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company is the current bid price. The appropriate quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The fair values of forward foreign exchange contracts are determined using forward exchange market rates at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves at the balance sheet date. The fair values of commodity hedges are determined by using forward market prices at the balance sheet date.

The fair value of financial liabilities is determined by using cash flows discounted using a rate based on credit risk factors and the relevant currency swap for the specific maturity, plus a margin.

1.9 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.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.11 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. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation liabilities are not recognised on timing differences arising from the initial recognition of goodwill. The company offsets deferred tax assets and liabilities if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax asset and liability related to the same taxable entity or group of entities and the same taxation authority.

1.12 Foreign exchange

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.13 Financial Risk Management

Financial risk factors

The NSG UK Enterprises Group is exposed to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks, energy prices, liquidity, debt market prices and interest rates. The company has in place a risk management programme that seeks to limit the effects on the financial performance of the NSG UK Enterprises Group by using financial instruments.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, energy price risk, interest rate risk, use of derivative and non-derivative financial instruments, and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, companies in the NSG Group use forward contracts, transacted with the company. The company is responsible for managing the net position in each foreign currency by using external forward currency contracts.

The company designates external foreign exchange contracts as hedges of foreign exchange risks on specific assets, liabilities or future transactions on a gross basis.

The company has indirect investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. External currency loans are offset with internal currency loans to the company's immediate GBP subsidiary.

(ii) Energy price risk

The Group consumes significant amounts of energy and is exposed to energy price risk arising from this consumption, principally of oil and gas. The Group's risk management policy is to hedge between 20 percent and 100 percent of anticipated purchases for the next 12 months and between 0 percent and 80 percent for the subsequent two years. The company enters into external energy hedge contracts and internal energy hedge contracts with relevant subsidiaries of the NSG Group.

(iii) Cash flow and fair value interest rate risk

The company's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk. Group policy is to have a proportion of forecast net borrowings hedged at all times.

The company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the company agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

(b) Credit risk

Derivative counterparties are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

The company has outstanding loans and receivables owed by joint ventures and associates. The company manages these balances on an arms-length basis, ensuring that the loans and receivables are only advanced to joint ventures and associates where the company is satisfied that these balances will be repaid.

(c) Liquidity risk

Prudent liquidity risk management policies maintain sufficient cash and cash equivalents and availability of funding through committed credit facilities. Due to the dynamic nature of the underlying businesses, the company aims to maintain flexibility in funding by keeping a substantial portion of committed credit lines undrawn.

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

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 2020, once endorsed by the EU, and are considered to be relevant and potentially material to the company's primary financial statements.

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Valuation of Investments

The company revalues its investments using an EBITDA multiple approach as the market values of its unlisted subsidiaries are not readily available (or net asset value, if the asset is not income generating). The multiple used is subjective and the directors review this for reasonableness on an annual basis.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	2020	2019
	£000	£000
Fees payable to the company's auditors for the audit of the company's annual accounts	417	385
Fees payable to the company's auditors for the audit of quarterly accounts	117	114
Total audit fees	<u>534</u>	<u>499</u>

The company has not paid for any other non-audit services during the current or prior year.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

5 Employees

The directors of the company are also directors of fellow subsidiaries. The directors received total remuneration for the year of £2,098 k (2019: £3,378k), all of which was paid by the subsidiary undertaking Pilkington Group Limited, or the ultimate parent company Nippon Sheet Glass Company, Limited. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as employees of the parent and fellow subsidiary companies.

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

6 Investment income

	2020 £000	2019 £000
Interest income		
Interest receivable from group companies	24,913	25,208
Other interest income	39	42
Total interest revenue	<u>24,952</u>	<u>25,250</u>
Income from fixed asset investments		
Income from shares in group undertakings	260,299	19,040
Total income	<u>285,251</u>	<u>44,290</u>

7 Finance costs

	2020 £000	2019 £000
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	11,357	12,252
Interest on other loans	21,443	23,296
	<u>32,800</u>	<u>35,548</u>

8 Other gains and losses

	2020 £000	2019 £000
(Loss)/gain on financial assets held for trading	(219)	66
Exchange losses on financial assets and liabilities	(23,436)	(15,055)
Amounts written back to/(written off) investments held at fair value through profit or loss	-	(76)
	<u>(23,655)</u>	<u>(15,065)</u>

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Income tax expense

	Continuing operations	
	2020 £000	2019 £000
Corporation tax		
Current year	53	102

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

	2020 £000	2019 £000
Profit/(loss) before taxation on continued operations	236,973	(3,618)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2019 - 19%)	45,025	(687)
Taxation impact of factors affecting tax charge:		
Expenses not deductible in determining taxable profit	-	2,778
Effect of overseas tax rates	53	102
UK dividend income	(49,457)	(3,618)
Losses surrendered by way of Group Relief for which no payment will be received	528	1,527
Amounts not allowable/(not taxable) in respect of financial assets/assets held for trading	3,904	-
Total adjustments	(44,972)	789
Tax charge for the year	53	102

No deferred tax has been recognised in respect of the company's brought forward and carried forward tax losses of £5,988k on the basis that sufficient taxable profits for the company are not forecasted against which these losses may be utilised.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Investments

	Current		Non-current	
	2020	2019	2020	2019
	£000	£000	£000	£000
Available-for-sale investments carried at fair value	-	-	64,746	-
Investments in subsidiaries	-	-	2,449,784	2,983,325
Investments in associates	-	-	587	-
	<u>-</u>	<u>-</u>	<u>2,515,117</u>	<u>2,983,325</u>

Investments in subsidiaries and available-for-sale investments are stated at fair value, with movements being recognised in the statement of comprehensive income.

The investments are not listed publically, therefore the directors use an EBITDA multiple valuation method to calculate the value of investments (or net asset value, if the asset is not income generating).

Movements in non-current investments

	Investments £000
Valuation	
At 31 March 2019	2,983,325
Valuation changes	(468,208)
At 31 March 2020	<u>2,515,117</u>

In October 2019 Pilkington International Holdings BV (PIH) a subsidiary company was merged with NSG UK Enterprises Limited. The net valuation of investment assets of PIH were transferred: Pilkington Group Limited Preference Shares £1,307,449 k, fully impaired investment in PSG Shanghai, shares held in Holdings Concorde, an associate company £18,803 k, shares held in Shanghai Yaohua Pilkington Glass of £56,536 k and shares held in Taiwan Auto Glass of £556 k. As a consequence of the merger the net value of PIH was cancelled.

In March 2020 NSG UK Finance unlimited was unwound and the reserves and assets distributed by dividend, the investment was impaired.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Subsidiaries

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

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Andrewartha Limited	UK	100.00	100.00	Dormant
Ashdowns Limited	UK	100.00	100.00	Run-off general insurance risk
Chance Brothers Limited	UK	100.00	100.00	Dormant
Chance Pilkington (1997) Limited	UK	100.00	100.00	Dormant
Elders Glass Limited	UK	100.00	100.00	Investment holding company
Keith Young Insulation Limited	UK	100.00	100.00	Dormant
Pilkington Automotive Management Services Limited	UK	100.00	100.00	Dormant
Pilkington Barnes-Hind Holdings Limited	UK	100.00	100.00	Dormant
Pilkington Brothers (Queenborough) Limited	UK	100.00	100.00	Dormant
Pilkington Europe Investments Unlimited	UK	100.00	100.00	Dormant
Pilkington Italy Unlimited	UK	100.00	100.00	Investment holding company
Pilkington Finance Unlimited	UK	100.00	100.00	Investment holding company
Pilkington Germany Finance Limited*	UK	100.00	100.00	Investment holding company
Pilkington Group Limited	UK	100.00	100.00	Investment holding and management service provider
Pilkington Ice Unlimited	UK	100.00	100.00	Dormant
NSG Insurance Limited	Guernsey	100.00	100.00	Underwriting of insurance and reinsurance
Pilkington Services Limited	UK	100.00	100.00	Dormant
Pilkington UK (No. 2) Unlimited	UK	100.00	100.00	Dormant
SIV/UK Limited	UK	100.00	100.00	Dormant
Villamoor Limited	UK	100.00	100.00	Dormant
NSG UK Finance Unlimited	UK	100.00	100.00	Dormant

* Preference shares

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

12 Trade and other receivables

	Current		Non-current	
	2020	2019	2020	2019
	£000	£000	£000	£000
Other receivables	6,629	2,434	4,783	2,274
Loans and receivables	-	27,523	-	667,394
Amounts due from related parties	28,866	2,694	1,049,188	-
	<u>35,495</u>	<u>32,651</u>	<u>1,053,971</u>	<u>669,668</u>

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

The aging of loans and receivables from related parties are based on the settlement date in the applicable loan agreement. It is expected that the majority of these loans will be rolled-over.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Derivative financial instruments

	2020		2019	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Interest rate swaps	448	(7,293)	988	(4,885)
Forward foreign exchange contracts - cash flow hedges	10,452	(7,447)	2,529	(2,484)
Forward foreign exchange contracts - held for trading	229	(619)	68	(14)
Forward foreign exchange contracts - investment hedges	6,575	(2,352)	1,855	(1,409)
Energy hedges	27,809	(27,810)	6,305	(6,304)
	<u>45,513</u>	<u>(45,521)</u>	<u>11,745</u>	<u>(15,096)</u>
Current portion	36,346	(29,859)	9,789	(9,403)
Non-current portion	9,167	(15,662)	1,956	(5,693)
	<u>45,513</u>	<u>(45,521)</u>	<u>11,745</u>	<u>(15,096)</u>
Maturity				
Within one year	36,346	(29,859)	9,789	(9,403)
between one and two years	6,886	(7,909)	1,404	(5,141)
between two and three years	2,188	(3,279)	552	(552)
between three and four years	93	(4,474)	-	-
	<u>45,513</u>	<u>(45,521)</u>	<u>11,745</u>	<u>(15,096)</u>

Interest rates swaps, foreign exchange cashflow hedges and energy hedges are recorded at fair values with movements on fair value recognised in the statement of other comprehensive income until the gain or loss is realised.

Foreign exchange contracts held for trading and investment hedges are recorded at fair value with gains and losses recognised through the income statement.

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

14 Market risk

Market risk management

Foreign exchange risk

The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2020 £000	2019 £000	2020 £000	2019 £000
Sterling	24,954	2,988	-	1,149
US Dollar	16,744	28,122	-	-
Euro	1,540	5,033	1,452	61
Other currencies	3,779	5,366	13	73
	<u>47,017</u>	<u>41,509</u>	<u>1,465</u>	<u>1,283</u>

Interest rate risk

The effective interest rate at the balance sheet date on the company's principal currency borrowings were as follows:

	2020 %	2019 %
Bank overdrafts	1.50	1.00
Bank borrowings	2.10	2.43
Loans from related parties	0.33	0.74
	<u>1.93</u>	<u>1.17</u>

The carrying amounts and fair value of the company's borrowings are as follows:

	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
	2020 £000	2020 £000	2019 £000	2019 £000
Bank overdrafts	1,465	1,465	1,283	1,283
Bank borrowings	500,787	465,898	516,955	484,888
Loans from related parties	1,373,164	1,373,165	1,235,065	1,235,066
	<u>1,875,416</u>	<u>1,840,528</u>	<u>1,753,303</u>	<u>1,721,237</u>

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Market risk

(Continued)

Maturity profile of committed borrowings

The overall maturity profile of the company's committed borrowings is as follows:

	2020 £000	2019 £000
Within one year	1,064,380	112,424
One to two years	137,639	1,115,353
Two to three years	372,596	314,097
Three to four years	72,399	95,682
Four to five years	125,502	13,848
Over five years	102,900	101,899
	<u>1,875,416</u>	<u>1,753,303</u>

15 Borrowings

	2020 £000	2019 £000
Unsecured borrowings at amortised cost		
Bank overdrafts	1,475	1,283
Bank loans	500,777	516,955
Loans from related parties	1,373,164	1,235,065
	<u>1,875,416</u>	<u>1,753,303</u>

Analysis of borrowings

Borrowings are classified based on the amounts that fall due within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £000	2019 £000
Current liabilities	1,064,380	112,424
Non-current liabilities	811,036	1,640,879
	<u>1,875,416</u>	<u>1,753,303</u>

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

16 Fair value measurement

Fair value hierarchy

For those assets and liabilities included in the consolidated balance sheet at fair value, the table below provides the fair value measurement of the company's assets and liabilities by valuation method. The different levels have been defined as follows:

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); and

Level 3: inputs for the asset or liability that are not based on market data (unobservable inputs).

At 31 March 2020, the company held the following financial instruments measured at fair value:

Assets measured at fair value

	2020 £000	Level 1 £000	Level 2 £000	Level 3 £000
Investments at fair value through comprehensive income (note 10)	2,515,117	64,170	-	2,450,947
Derivative assets (note 13)	45,513	-	45,513	-
	<u>2,560,630</u>	<u>64,170</u>	<u>45,513</u>	<u>2,450,947</u>

Liabilities measured at fair value

	2020 £000	Level 1 £000	Level 2 £000	Level 3 £000
Derivative liabilities (note 13)	45,521	-	45,521	-
	<u>45,521</u>	<u>-</u>	<u>45,521</u>	<u>-</u>

At 31 March 2019, the company held the following financial instruments measured at fair value:

Assets measured at fair value

	2019 £000	Level 1 £000	Level 2 £000	Level 3 £000
Investments at fair value through comprehensive income (note 10)	2,983,325	-	-	2,983,325
Derivative assets (note 13)	11,745	-	11,745	-
	<u>2,995,070</u>	<u>-</u>	<u>11,745</u>	<u>2,983,325</u>

Liabilities measured at fair value

	2019 £000	Level 1 £000	Level 2 £000	Level 3 £000
Derivative liabilities (note 13)	15,097	-	15,097	-
	<u>15,097</u>	<u>-</u>	<u>15,097</u>	<u>-</u>

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Fair value measurement

Available for sale investments

The fair values of investments in subsidiaries and associated undertakings classed as fair value through comprehensive income are measured using an EBITDA multiple valuation technique (or net asset value, if the asset is not income generating).

There have been no changes in the valuation technique in either the current or prior year. Similarly, there have been no transfers between levels.

A reconciliation of the movement in investments at fair value through comprehensive income included in the above hierarchy based on level 3 valuation techniques is as follows;

	2020 £000	2019 £000
At 1 April	2,983,325	3,088,679
Additions and disposals		10,213
Impairments recognised in comprehensive income	(224,037)	
Additions and disposals relating to merger of PIH recognised in comprehensive income	418,901	
Exchange differences recognised in comprehensive income	(72,297)	(86,431)
Movements in fair value recognised in comprehensive income	(654,945)	(29,136)
At 31 March	<u>2,450,947</u>	<u>2,983,325</u>

17 Trade and other payables

	Current		Non-current	
	2020 £000	2019 £000	2020 £000	2019 £000
Amounts owed to related parties	54,750	20,450	-	-
Other payables	3,330	1,075	-	307
	<u>58,080</u>	<u>21,525</u>	<u>-</u>	<u>307</u>

NSG UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Share capital	2020	2019
	£000	£000
Ordinary share capital		
Issued and fully paid		
4,269,623 k (FY2019 1,718,144 k) "A" Ordinary Shares of 10p each	426,962	171,814
	<u>426,962</u>	<u>171,814</u>
Preference share capital		
Issued and fully paid		
2,551,480 k Preference shares of 10p each	-	255,148
	<u>-</u>	<u>255,148</u>

On 18 December 2018, the Company reduced its share capital by re-designating 1,718,144,645 "A" ordinary shares of 90 pence each as 1,718,144,645 "A" ordinary shares of 10 pence each.

In order to simplify its capital structure, on 11 March 2020 the Company converted its Preference shares of 10 pence each into "A" Ordinary Shares of 10 pence each.

The preference shares previously in issue of 10 pence each were irredeemable. They gave the holder rights to a cumulative dividend, if the directors determined that the Company should pay such a dividend, of 7.265 percent for the first five years, after which, the rate would have been reset to a one-year or five-year sterling interest mid swap rate plus 1.51 percent at the discretion of the directors. The preference shares carried a voting right of one vote per 14 preference shares held.

19 Capital management

The company manages its capital (being its equity, external and ultimate parent company funding as shown in the relevant notes in these financial statements) in such a way to improve its financial strength consistent with its strategy. The directors will consider this position on an ongoing basis in line with the Group's performance.

20 Events after the reporting date

No post balance sheet events which would require adjustment or disclosure in these accounts have been identified since the year end.

21 Controlling party

The immediate parent undertaking is NSG Holding (Europe) 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.