

REGISTERED NUMBER: 01763860 (England and Wales)

Ricoh UK Products Limited
Strategic Report, Directors' Report and
Financial Statements for the Year Ended 31 March 2020



Ricoh UK Products Limited

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for the Year Ended 31 March 2020**

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Ricoh UK Products Limited

**Company Information
for the Year Ended 31 March 2020**

Directors: R Baggott
T Tokura
C Weaver

Secretary: R Baggott

Registered office: Ricoh UK Products Ltd
Priorslee
Telford
Shropshire
TF2 9NS

Registered number: 01763860 (England and Wales)

Auditors: Deloitte LLP
Birmingham
United Kingdom

Ricoh UK Products Limited

Strategic Report for the Year Ended 31 March 2020

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

Business review

Turnover for the year was £283,890,000 (2019: £351,114,000) resulting in a profit before taxation of £7,899,000 (2019: £24,808,000). The profit after taxation for the year was £6,357,000 (2019: £20,210,000).

The reduction in turnover was predominantly within the colour toner bottling business, reflecting the unwinding of strong growth in the final quarter of the prior year. The production printing business has remained stable and continues to be supported by the on-site customer experience centre, which had good levels of customer engagement. Further capital investment was made within both the additive manufacturing business and the industrial printing module business. We expect substantial turnover growth from these businesses in future years. The digital duplicator supplies business continues to show an expected steady decline in turnover, however profitability has been maintained through operational efficiency improvements. Operating profits were adverse against the prior year predominantly due to the lower turnover. The balance sheet and cash reserves remain strong and healthy enabling the Company to fund future capital investments and support its defined benefit pension obligation.

Key performance indicators

The Company's principal key performance indicators are revenue and profit before tax which are shown in the profit and loss account for the year set out on page 11. In terms of non-financial key performance indicators, business performance is measured primarily around safety, environment, quality, cost and delivery. Additionally, business performance is reported to our parent company using a set of agreed strategic objectives. The Company continues to develop a strong culture of continuous improvement and employees are actively engaged in achieving high levels of operational efficiency in all their processes.

Principal risks and uncertainties facing the business

Covid-19

In response to the Covid-19 pandemic the board has taken all necessary actions to ensure the safety of its employees and the business' long-term success. Since it was designated as a global pandemic in March 2020 the Company has maintained trading, and despite an initial downturn in activity, demand is now recovering strongly. The board do not envisage there will be a significant loss of customers and the business has a broad product portfolio to adapt to potential structural changes in the market place.

The board have assessed the impact of the ongoing uncertainty around Covid-19 on all aspects of the business focussing specifically on operational performance and cashflow (see the Directors report and Note 1 for further considerations).

Brexit

The UK stopped being a member of the European Union (EU) on 31 January 2020. The board recognise that the outcome of the negotiations between the UK and the EU remain uncertain. The Company have taken reasonable steps to mitigate where possible the impacts of leaving the EU without a transitional agreement and will continue to monitor the situation closely.

In response to the UK leaving the EU, the Company has formed a working committee and completed a full risk assessment. The Company is also collaborating with other European Ricoh entities to manage the associated risks. During this period of uncertainty, the Company continues to monitor and manage developments accordingly.

The Company trades predominantly in Euros, and hence the financial results are impacted by the prevailing Euro-Sterling exchange rate.

Streamlined energy and carbon reporting statement

The Company actively engages in the management and reduction of resource consumption and related emissions. Since 2003 CO2 emission reduction activities have formed a key component of the annual business management objectives. CO2 emissions have been calculated using measured energy usage data and Government conversion factors published by the Department for Business, Energy and Industrial Strategy (BEIS) for the 2019/20 period. During the year CO2 emissions amounted to 5035 tonnes, a reduction of 55 tonnes compared to the prior year. In the last five years the Company has reduced its CO2 emissions by 923 tonnes per annum (15.5%). The Company's ultimate parent company, Ricoh Company Ltd, has committed via the RE100 scheme to sourcing 100% renewable electricity by 2050, with an interim goal of at least 30% by 2030. The business is contributing to achieving this objective by sourcing all electricity from REGO certified renewable (100% wind) sources, utilising dynamic delivery control systems extensively within operations, and investing in a solar farm on its Telford premises.

Ricoh UK Products Limited

Strategic Report - continued for the Year Ended 31 March 2020

Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 ("s.172") imposes a general duty on directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders. The board aims to generate value for all its business stakeholders, including employees, customers, and shareholders. The board believes that balancing the interest of stakeholders with our corporate purpose and the desire to maintain high standards of ethical conduct is embedded in the way we do business. Long term decisions made by the board and executive teams are always considered in light of both short and long term consequences.

Employee engagement

The Local Works Council (LWC) continues to be supported by the Company and remains active. The Company engages with employees through the LWC, but also through regular communication including digital signage, company newsletters and an annual employee congress. As a result, employee relationships remain positive, strong and stable.

Business relationships

The board seeks to understand the views and needs of its stakeholders to ensure decisions address their long-term needs and concerns. Where there may be competing priorities, these are discussed by the board and consideration is given to the human, environmental, and commercial impacts alongside the longer-term sustainability of the business. The board considers its key stakeholders to be its employees, customers, suppliers, the local community, its shareholders and all other Ricoh family group members. The Company continues to proactively develop good relationships with all these stakeholders, and the Company remains highly respected in the local community.

Environmental impact

For a long time, the Company has continuously implemented initiatives to reduce its CO2 emissions. Annual and long-term strategic reduction targets are agreed with our parent company shareholder. To further reduce CO2 emissions, the Company has this year made a significant investment in solar energy generation. The Company also operates a zero waste to landfill policy.

High standards of business conduct

Maintaining high standards of business conduct is imperative. The Company is subject to a full range of compliance policies and procedures developed by the group, such as the Code of Conduct Policy, and the Company itself. All these policies are regularly reviewed and updated. Whistleblowing procedures are in place.

Shareholders

As a wholly owned subsidiary the Company is committed to open and regular engagement with its parent company shareholder. In addition to this routine regular communication, formal business review meetings with all group stakeholders are held twice per year.

Future prospects

The core business remains profitable, and a number of new business lines are being developed. The future prospects of the Company are therefore judged as good.

Ricoh UK Products Limited

**Strategic Report - continued
for the Year Ended 31 March 2020**

Section 172 of the Companies Act 2006 - continued

General Factors

During the year the Company successfully retained its accreditation to management standards ISO27001 (Information Security Management), ISO14001 (Environmental Management), ISO9001 (Quality Management) and transitioned from ISO18001 (Health and Safety Management) to ISO45001 (Occupational Health and Safety Management). The Company continues to have Investors in People accreditation (Gold Award).

Approved by the board of directors and signed on behalf of the board by:



.....
R Baggott - Director

Date: 17th December 2020

Priorslee
Telford
Shropshire
TF2 9NS

Ricoh UK Products Limited

Directors' Report for the Year Ended 31 March 2020

The directors present their Annual Report on the affairs of Ricoh UK Products Limited ('the Company'), together with the financial statements and Auditor's Report, for the year ended 31 March 2020.

Dividends

An interim dividend amounting to £5,360,000 was paid during the year (2019: £3,580,500).

The directors have not proposed any dividend post the balance sheet date.

Going concern

The Company is profitable and cash-generative. The Company has strong relationships with the wider Ricoh group, with several customers and suppliers across different geographic areas and industries. Consequently, the directors believe that the Company is well placed to manage its business risks successfully.

The directors have reviewed the financial position of the Company, the Company's forecasts and considered the uncertainties arising from the economic environment and the possibilities of a consequential unfavourable impact upon its trading. The directors have stress-tested these forecasts and believe that there are enough cash resources to meet its daily cash flow requirements over the next 12 months. Even considering reasonably likely downside scenarios as a result of Covid-19, there are enough funds to support the Company's operations for the foreseeable future.

As a result of the Company's performance both during the year and the beginning of the new year, its strong customer base, cost structure and the projected growth for the future, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances and cash and other receivables. The Company has no significant concentration of credit risk, with exposure spread over many counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that enough funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Post balance sheet events

The directors of the Company have reassessed the impact of Covid-19 on the Company as part of post balance sheet event review as per IAS 10. After review, it has been concluded that there is no material impact for the Company subsequently and therefore no adjustments have been made to the 31 March 2020 financial results and balance sheet.

Directors

The directors who served during the year and up to the date of this report were as follows:

R W Baggott

T Tokura

C Weaver

H Yaguchi (resigned on 28 June 2019)

Directors' indemnities

The Company has no qualifying third party indemnity provisions.

Ricoh UK Products Limited

**Directors' Report - continued
for the Year Ended 31 March 2020**

Employee engagement

The Local Works Council (LWC) continues to be supported by the Company and remains active. The Company engages with employees through the LWC, but also through regular communication including digital signage, company newsletters and an annual employee congress. As a result, employee relationships remain positive, strong and stable.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Other matters

The UK stopped being a member of the European Union (EU) on 31 January 2020. The directors recognise that the outcome of the negotiations between the UK and the EU remain uncertain. The Company has taken all reasonable steps to mitigate where possible the impacts of leaving the EU without a transitional agreement and will continue to monitor the situation closely.

Auditor

Each of the persons who is a director at the date of approval of this 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 s418 of the Companies Act 2006.

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. Deloitte have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the board of directors and signed on behalf of the board by:



.....
R W Baggott - Director

Date: 17th December 2020

Priorslee
Telford
Shropshire
TF2 9NS

Ricoh UK Products Limited

Statement of Directors' Responsibilities 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 101 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Ricoh UK Products Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Ricoh UK Products Limited (the 'Company'):

- 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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 auditor's 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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 respect of these matters.

Independent Auditor's Report to the Members of Ricoh UK Products Limited - continued

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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 any material misstatements in the strategic report and directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of Ricoh UK Products Limited - continued

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sukhpal Kaur Gill (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom

Date: 17/12/2020

Ricoh UK Products Limited

**Profit and Loss Account
for the Year Ended 31 March 2020**

	Notes	2020 £'000	2019 £'000
Turnover	4	283,890	351,114
Cost of sales		(262,821)	(313,827)
Gross profit		21,069	37,287
Administrative expenses		(12,634)	(11,649)
Operating profit		8,435	25,638
Interest receivable and similar income	7	1,912	1,788
Interest payable and similar expenses	8	(2,448)	(2,618)
Profit before taxation	9	7,899	24,808
Tax on profit	11	(1,542)	(4,598)
Profit for the financial year		<u>6,357</u>	<u>20,210</u>

All results are derived from continuing activities.

The notes form part of these financial statements

Ricoh UK Products Limited

**Statement of Other Comprehensive Income
for the Year Ended 31 March 2020**

	Notes	2020 £'000	2019 £'000
Profit for the financial year		6,357	20,210
Other comprehensive income			
Remeasurement of defined benefit liability	22	6,887	2,908
Income tax on items that will not be reclassified to profit or loss		(594)	(494)
Other comprehensive income for the year		6,293	2,414
Total comprehensive income for the year		12,650	22,624

The notes form part of these financial statements

Ricoh UK Products Limited

Balance Sheet

As at 31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	13	14,115	18,513
Right-of-use assets	14	286	-
Deferred tax	18	6,488	7,251
		<u>20,889</u>	<u>25,764</u>
Current assets			
Stocks	15	50,536	46,523
Debtors: amounts falling due within one year	16	74,312	82,881
Cash at bank and in hand		24,542	15,992
		<u>149,390</u>	<u>145,396</u>
Creditors			
Amounts falling due within one year	17	(30,441)	(28,264)
Lease liabilities	20	(108)	-
		<u>118,841</u>	<u>117,132</u>
Net current assets			
		<u>139,730</u>	<u>142,896</u>
Total assets less current liabilities			
Creditors			
Amounts falling due after one year:			
Lease liabilities	20	(145)	-
Pension liability	22	(25,097)	(35,698)
		<u>114,488</u>	<u>107,198</u>
Net assets			
Capital and reserves			
Called up share capital	19	5,500	5,500
Retained earnings		108,988	101,698
		<u>114,488</u>	<u>107,198</u>
Shareholders' funds			
		<u>114,488</u>	<u>107,198</u>

The financial statements of Ricoh UK Products Limited (registered number: 01763860) were approved by the Board of Directors and authorised for issue on 17th December 2020. They were signed on its behalf by:



.....
R Baggott - Director

The notes form part of these financial statements

Ricoh UK Products Limited

**Statement of Changes in Equity
for the Year Ended 31 March 2020**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018	5,500	82,654	88,154
Dividends (note 12)	-	(3,580)	(3,580)
Profit for the year	-	20,210	20,210
Other comprehensive income	-	2,414	2,414
Balance at 31 March 2019	<u>5,500</u>	<u>101,698</u>	<u>107,198</u>
Dividends (note 12)	-	(5,360)	(5,360)
Profit for the year	-	6,357	6,357
Other comprehensive income	-	6,293	6,293
Balance at 31 March 2020	<u>5,500</u>	<u>108,988</u>	<u>114,488</u>

The notes form part of these financial statements

Ricoh UK Products Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1. General information

Ricoh UK Products Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that statement in relation to:

- Financial instruments (IFRS7)
- Presentation of comparative information in respect of certain assets (IAS16 8(f))
- Presentation of a cash flow statement (IAS7)
- Standards not yet effective (IAS8, 30-31)
- Impairment of assets (IAS36 134(d)-(f) and 135(c)-(e))
- Related party transactions (IAS24 (17, 18a))
- Revenue (exemption from the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 or IFRS15 revenue from contracts with customers)

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

The Company's ultimate parent undertaking, Ricoh Company Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Ricoh Company Limited are available to the public and may be obtained from 13-1 Ginza, 8 Chome, Chuo-Ku, Tokyo 104-8222, Japan.

Adoption of new and revised Standards

Impact of initial application of IFRS 16 Leases

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 April 2019.

The Company has applied IFRS 16 using the cumulative catch-up approach which:

- requires the Company to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

Ricoh UK Products Limited

**Notes to the Financial Statements
for the Year Ended 31 March 2020**

1. General information

Adoption of new and revised Standards - continued

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on lessee accounting

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

- (a) Recognises right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within the administrative expenses line item.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Ricoh UK Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

1. General information - continued

Adoption of new and revised Standards - continued

(b) Impact on lessee accounting - continued

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 April 2019.

(c) Financial impact of initial application of IFRS 16

The weighted average lessees' incremental borrowing rate applied to lease liabilities recognised in the balance sheet on 1 April 2019 is 2.6%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the balance sheet at the date of initial application.

	£
Operating lease commitments at 31 March 2019	621
Effect of discounting the above amounts	(20)
	<hr/>
Lease liabilities recognised at 1 April 2019	601
	<hr/>

The Company has recognised £601k of right-of-use assets and £601k of lease liabilities upon transition to IFRS 16. The difference of £nil is recognised in retained earnings.

2. Accounting policies

2.1 Measurement convention

The financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for the assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

2. Accounting policies - continued

2.2 Going concern

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

The rapid spreading of Covid-19 has become a significant emerging risk to the global economy. The directors continue to monitor the impact of the virus on the business as more information about the epidemic emerges, with particular focus on the potential impact on staff shortages and operating delays. At the time of signing the directors do not consider Covid-19 to impact the Company's ability to continue as a going concern and consider the balance sheet to be appropriately valued.

2.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.4 Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or FVTPL.

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

2. Accounting policies - continued

2.4 Financial instruments - continued

(ii) Classification and subsequent measurement - continued

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Cash and cash equivalents

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

(b) Subsequent measurement and gains and losses

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

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

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

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

Financial liabilities and equity

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

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

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

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

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

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

2. Accounting policies - continued

2.4 Financial instruments - continued

(ii) Classification and subsequent measurement - continued

Intra-group financial instruments

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

(iii) Impairment

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

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

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

Write-offs

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

Ricoh UK Products Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2020

2. Accounting policies - continued

2.5 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

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

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

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

2.6 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade receivables are initially recognised at transaction price and subsequently measured at amortised cost less a loss allowance. The loss allowance is measured at an amount equal to lifetime expected credit losses using simplified model (provision matrix).

Trade and other creditors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

2.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	20 years
Long leasehold buildings	term of the lease
Plant and machinery	2 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

2. Accounting policies - continued

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2.9 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at FVTPL is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Accounting policies - continued

2.10 Employee benefits

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.12 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised on despatch, which is when customer obtains control of goods transferred.

Ricoh UK Products Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2020

2. Accounting policies - continued

2.13 Expenses

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method. Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2.14 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

2.15 Leases

The Company has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

2. Accounting policies - continued

2.15 Leases - continued

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

2. Accounting policies - continued

2.15 Leases - continued

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the administrative expenses line item.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Pension costs

Contributions to defined contribution personal pension schemes are charged to the profit and loss account in the year in which they become payable.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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.

Critical accounting judgements

Deferred tax - Deferred tax assets are recognised in the financial statements when the Company has reasonable expectation of the deferred tax being utilised in future years.

Key sources of estimation uncertainty

Pension - the Company's pension liability is based on certain key assumptions including discount rate, future salary increases, mortality rates and rates of inflation. Further details are set out in note 22.

Ricoh UK Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

4. Turnover

Turnover, all of which arose in the UK, relates to the Company's principal activity and may be analysed by geographical destination as follows:

	2020	2019
	£'000	£'000
UK	4,577	4,967
Rest of Europe	268,765	327,576
Other	10,548	18,571
	<u>283,890</u>	<u>351,114</u>

5. Staff numbers and costs

The average number of employees (including directors) was as follows:

	2020	2019
	No.	No.
Production	218	215
Technical and administration	392	396
	<u>610</u>	<u>611</u>

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£'000	£'000
Wages and salaries	25,409	24,158
Social security costs	2,014	2,079
Other pension costs	2,118	2,010
	<u>29,541</u>	<u>28,247</u>

6. Directors' remuneration

	2020	2019
	£'000	£'000
Directors' remuneration	<u>771</u>	<u>772</u>

Pensions

The number of directors who were members of pension schemes were as follows:

	2020	2019
	No.	No.
Defined benefit schemes	<u>2</u>	<u>2</u>

Ricoh UK Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

6. Directors' remuneration - continued

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2020	2019
	£'000	£'000
Directors' remuneration	392	262

7. Interest receivable and similar income

	2020	2019
	£'000	£'000
Amounts payable by group undertaking	300	193
Net interest of defined plan assets (see note 22)	1,612	1,595
	<u>1,912</u>	<u>1,788</u>

8. Interest payable and similar expenses

	2020	2019
	£'000	£'000
Net interest of defined benefit pension plan liability (see note 22)	2,448	2,618

9. Profit before taxation

The profit before taxation is stated after charging:

	2020	2019
	£'000	£'000
Depreciation and amounts written off tangible fixed assets	6,206	6,212
Depreciation right-of-use assets	328	-
Operating lease rentals:		
Plant and machinery	-	342
Land and buildings	-	10

Ricoh UK Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

10. Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the Company's previous auditor for the audit of the Company's annual financial statements	-	58
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	58	-
	<u>58</u>	<u>58</u>

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

11. Tax on profit

Analysis of tax expense

	2020 £'000	2019 £'000
Current tax:		
Tax	1,724	4,596
Adjustment to prior periods	85	199
Total current tax	<u>1,809</u>	<u>4,795</u>
Deferred tax:		
Origination and reversal of timing difference	(434)	(197)
Reduction in tax rate	(139)	-
Adjustment in respect of prior year	306	-
Total tax expense in profit and loss account	<u>1,542</u>	<u>4,598</u>

The Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget, it was announced that the reduction in the UK rate to 17% will now not occur and the corporation tax rate will be held at 19%. This will impact the future current tax charge accordingly. As substantive enactment was before the balance sheet date, UK deferred tax balances as at 31 March 2020 are measured at a rate of 19%.

Factors affecting the tax expense

The tax assessed for the year is higher than (2019 - lower) the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Profit before income tax	<u>7,899</u>	<u>24,808</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,501	4,714
Effects of:		
Fixed asset differences	34	97
Changes in tax rate	(139)	(75)
R&D credit	(325)	(423)
Other differences	80	86
Adjustment in respect of prior years	<u>391</u>	<u>199</u>
Tax expense	<u>1,542</u>	<u>4,598</u>

Ricoh UK Products Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

12. Dividends

	2020 £'000	2019 £'000
Interim dividend paid of Nil (2019: Nil) per share		
Final dividend paid of (£97.45 (2019: £65.09 per ordinary share))	5,360	3,580

13. Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold buildings £'000	Plant and machinery £'000	Totals £'000
Cost				
At 1 April 2019	21,682	3,097	66,047	90,826
Additions	-	-	2,365	2,365
Disposals	-	-	(4,254)	(4,254)
De-recognition of long leasehold buildings under IFRS 16	-	(3,097)	-	(3,097)
At 31 March 2020	21,682	-	64,158	85,840
Depreciation				
At 1 April 2019	17,123	3,097	52,093	72,313
Charge for the year	174	-	6,032	6,206
Eliminated on disposals	-	-	(3,697)	(3,697)
De-recognition of long leasehold buildings under IFRS 16	-	(3,097)	-	(3,097)
At 31 March 2020	17,297	-	54,428	71,725
Net book value				
At 31 March 2020	4,385	-	9,730	14,115
At 31 March 2019	4,559	-	13,954	18,513

Included in the net book value of freehold land and buildings is land with a cost of £2,178,603 (2019: £2,178,603) which is not depreciated.

Ricoh UK Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

14. Right-of-use assets

	Buildings £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 April 2019	131	470	601
Additions	-	13	13
Disposals	-	(59)	(59)
Recognition of long leasehold buildings under IFRS 16	3,097	-	3,097
At 31 March 2020	3,228	424	3,652
Amortisation			
At 1 April 2019	-	-	-
Charge for the year	8	320	328
Eliminated on disposals	-	(59)	(59)
Recognition of long leasehold buildings under IFRS 16	3,097	-	3,097
At 31 March 2020	3,105	261	3,366
Net book value			
At 31 March 2020	123	163	286
At 31 March 2019	-	-	-

The Company leases buildings and plant and machinery. The average lease term is 4 years (2019: 4 years) for plant and machinery and 50 years (2019: 50 years) for buildings.

Approximately one tenth of the leases for property, plant and equipment expired in the current financial year. The expired contracts were not replaced.

	2020 £'000
Amounts recognised in profit and loss	
Depreciation expense on right-of-use assets	328
Interest expense on lease liabilities	17
	345

At 31 March 2020, the Company is committed to £nil for short-term leases. The total cash outflow for leases amount to £329k.

Ricoh UK Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

15. Stocks

	2020	2019
	£'000	£'000
Raw materials and consumables	48,464	43,546
Work in progress	1,729	1,741
Finished goods	343	1,236
	<u>50,536</u>	<u>46,523</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £229,301,776 (2019: £277,943,799). The write-down of stocks to net realisable value amounted to £20,228 (2019: £120,091).

16. Debtors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade debtors	1,092	63
Amounts owed by group undertakings	72,545	78,392
VAT recoverable	-	3,945
Prepayments and accrued income	675	481
	<u>74,312</u>	<u>82,881</u>

Amounts owed by group undertakings are interest-free and repayable on demand.

17. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	1,295	2,436
Amounts owed to group undertakings	19,032	16,211
Corporation tax	1,288	6,560
Corporation tax - owed to group undertakings for group relief	4,684	-
Other creditors	1,594	810
Accruals and deferred income	2,548	2,247
	<u>30,441</u>	<u>28,264</u>

Amounts owed to group undertakings are interest-free and repayable on demand.

Ricoh UK Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

18. Deferred tax

Recognised deferred tax assets and liabilities. There are no unrecognised deferred tax assets in note.

Deferred tax assets and liabilities are attributable to the following:

	2020 £000	2019 £000
Tangible fixed assets	(1,292)	(1,182)
Employee benefits (see note 22)	(5,196)	(6,069)
Net deferred tax	<u>(6,488)</u>	<u>(7,251)</u>

Movement in deferred tax during the current and prior year:

	1 April 2019 £'000	Recognised in income £'000	Recognised in OCI £'000	31 March 2020 £'000
Tangible fixed assets	(1,182)	(110)	-	(1,292)
Employee benefits	(6,069)	(157)	1,030	(5,196)
	<u>(7,251)</u>	<u>(267)</u>	<u>1,030</u>	<u>(6,488)</u>
	1 April 2018 £'000	Recognised in income £'000	Recognised in OCI £'000	31 March 2019 £'000
Tangible fixed assets	(988)	(194)	-	(1,182)
Employee benefits	(6,560)	(3)	494	(6,069)
	<u>(7,548)</u>	<u>(197)</u>	<u>494</u>	<u>(7,251)</u>

There are no unrecognised deferred tax assets.

19. Called up share capital

Allotted, authorised, issued and fully paid:

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
55,000	Ordinary shares	£100 each	<u>5,500</u>	<u>5,500</u>

Ricoh UK Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

20. Lease liabilities

	2020 £'000
Analysed as:	
Non-current	145
Current	108
	<hr/> 253 <hr/>
	2020 £'000
Maturity analysis:	
Later than 1 year and not later than 5 year	60
Later than 5 year	85
	<hr/> 145 <hr/>

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company treasury function.

All lease obligations are denominated in currency units.

Operating lease arrangements

	Plant and Machinery 2019 £'000	Other 2019 £'000
Within one year	290	10
In the second to fifth years inclusive	171	40
After five years	-	110
	<hr/> 461 <hr/>	<hr/> 160 <hr/>

21. Financial commitments

(a) Capital commitments

Capital commitments as at 31 March 2020, for which no provision has been made, amounted to £Nil (2019: £Nil).

(b) Contingent liabilities

The Company has granted a counter-indemnity of £45,600 (2019: £45,600 to Barclays Bank) to HSBC Bank in respect of deferred duty payments to HM Revenue and Customs.

Ricoh UK Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

22. Pension commitments

Defined contribution scheme

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The pension cost for the year in respect of this scheme amounted to £2,117,906 (2019: £2,009,871).

Defined benefit pension plan

The Company operates a defined benefit pension arrangement called the Ricoh UK Products Pension Plan ("the Scheme").

The Scheme provides benefits based on members' average earnings over their careers and length of service on retirement, or death. The Scheme closed to the future accrual of benefits on 31 October 2013.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met.

As part of the process the Company must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the Scheme in these accounts.

The Company has agreed to pay £3.95 million as contribution to its defined benefit plan for financial year ending 31 March 2021.

Expenses - The Company meets Scheme expenses directly.

The Scheme is managed by a Board of Trustees appointed in part by the Company and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The Scheme exposes the Company to a number of risks:

- Investment risk: The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide the real returns over the long-term the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk: The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk: A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.
- Mortality risk: In the event that members live longer than assumed a deficit will emerge in the Scheme.

The Company and Trustees consider risk mitigation strategies including the investment strategy and governance procedures.

Ricoh UK Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

22. Pension commitments - continued

Defined benefit pension plan - continued

There were no plan amendments, curtailments or settlements during the period.

The information disclosed below is in respect of the whole of the plan for which the Company is the sponsoring employer.

	2020 £'000	2019 £'000
Total defined benefit asset	63,945	63,038
Total defined benefit liability	(89,042)	(98,736)
Net liability for defined benefit obligations (see following table)	(25,097)	(35,698)
Related deferred tax asset	5,196	6,069
Pension liability	(19,901)	(29,629)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Balance at 1 April	(98,736)	(97,481)	63,038	58,891	(35,698)	(38,590)
Included in profit or loss						
Interests (cost)/income	(2,448)	(2,618)	1,612	1,595	(836)	(1,023)
Included in OCI						
Remeasurements loss/(gain):						
Actuarial loss(gain) arising from:						
- Changes in demographics assumptions	2,143	3,101	-	-	2,143	3,101
- Changes in financial assumptions	8,354	(6,611)	-	-	8,354	(6,611)
Return on plan assets excluding interest income	-	-	(3,610)	2,187	(3,610)	2,187
Past service costs	-	(393)	-	-	-	(393)
Experience loss on liability	-	4,231	-	-	-	4,231
Other						
Contributions paid by the employer	-	-	4,550	1,400	4,550	1,400
Benefits	1,645	1,035	(1,645)	(1,035)	-	-
Balance at 31 March	(89,042)	(98,736)	63,945	63,038	(25,097)	(35,698)

Ricoh UK Products Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2020

22. Pension commitments - continued

Plan assets

	2020	2019
	£'000	£'000
Cash and cash equivalents	9,068	6,265
Equity instruments	24,925	23,700
Bonds	3,995	3,160
Real estate	4,026	4,005
Diversified funds	11,720	11,963
Gilts	10,211	13,945
	<u>63,945</u>	<u>63,038</u>

Material uncertainty with respect to investment in CBRE GIP Osiris property fund

Due to Covid-19 pandemic, the valuation of the underlying funds held in CBRE GIP Osiris property fund have been reported on the basis of "material valuation uncertainty" and consequently, there is less certainty and a high degree of caution should be attached to their valuations than would normally be the case.

Further on 19 March 2020 investor approval was granted to terminate the fund, as a result no bid or offer price has been issued from this date. The investment value of CBRE GIP Osiris property fund is £4.02m against the total pension asset of £63m.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted average)

	2020	2019
Discount rate	2.4%	2.5%
Inflation assumption RPI	2.7%	3.4%
Inflation assumption CPI	2.0%	2.4%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 87.1 years (male), 89.1 years (female).
- Future retiree upon reaching 65; 89.2 years (male), 91.3 years (female).

The weighted average duration of the defined benefit obligations is 25 years.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions.

	2020	2019
	£'000	£'000
Discount rate less 0.25%		
Future salary increases	5,200	6,200
Life expectancy 90% of base table (increase life expectancy)	1,800	2,100
RPI CPI gap less 0.25%	2,500	2,800
Inflation (RPI, CPI) plus 0.25%	4,100	4,700

Ricoh UK Products Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2020

22. Pension commitments - continued

In valuing the liabilities of the pension fund at 31 March 2020, mortality assumptions have been made as indicated below. Adjusting the life expectancy assumption to 90% of the basic table represents approximately 1 year increase in life expectancy. Therefore, if members lived one year longer, all else being equal, the value of the liabilities will increase by approximately £2 million. The last full actuarial valuation was at 31 March 2018. The plan operates an asset - liability matching strategy.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 March 2018 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Funding

The Company has agreed and is expected to pay £4.25 million (2019: £4.25 million) as per schedule of contribution from 2022 onwards.

23. Related party transactions

The Company has taken advantage of the exception available to wholly owned subsidiary undertakings to not disclose transactions with other subsidiaries of the group by virtue of being a wholly owned subsidiary of Ricoh Company Limited. The Company has entered into no other related party transactions.

24. Ultimate parent company and parent company of larger group

Ricoh Company Limited is the ultimate parent company and controlling party, incorporated in Japan and is the largest group in which the results of the Company are consolidated. No other group financial statements includes the results of the Company.

The consolidated financial statements of this group are available to the public and may be obtained from: 13-1 Ginza, 8 Chome, Chuo-Ku, Tokyo 104-8222, Japan.

25. Post balance sheet events

On 6 April 2020 the Company invested £100 in acquiring 100% of the share capital in Ricoh UK Energy Limited. The entity is currently non-operational but will derive revenue through the generating and selling of electricity.

On 12 October 2020 the Company announced to its employees that it would be implementing a redundancy program affecting all areas of the business. It is anticipated that these activities will be concluded before 31 March 2021. The directors do not consider that these actions affect the going concern assessment contained within the financial statements.

The directors have assessed the potential impact of a second-wave Covid-19 pandemic and consider that as a result of both the business continuity measures that have been implemented, and the Company's strong cash balance, it is resilient to the risk that this poses.