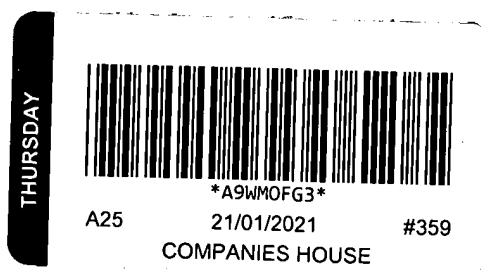


Company Registration No. 04377521 (England and Wales)

KYOCERA SGS PRECISION TOOLS EUROPE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



 **shawgibbs**
accountants & business advisers

KYOCERA SGS PRECISION TOOLS EUROPE LTD

COMPANY INFORMATION

Directors	Mr T Haag Mr H M Welch Mr J Zaucha (Appointed 14 June 2019)
Secretary	Mr H M Welch
Company number	04377521
Registered office	10 Ashville Way Wokingham Berkshire RG41 2PL
Auditor	Shaw Gibbs Limited 264 Banbury Road Oxford OX2 7DY

KYOCERA SGS PRECISION TOOLS EUROPE LTD

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Notes to the financial statements	8 - 22

KYOCERA SGS PRECISION TOOLS EUROPE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020. The report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006. As a result no strategic report has been prepared.

Principal activities

The principal activity of the company continued to be that of wholesaling machine tools.

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final 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 T Haag

Mr J P Haag

(Resigned 14 June 2019)

Mr H M Welch

Mr J Zaucha

(Appointed 14 June 2019)

Post reporting date events

The directors have considered the implications of the ongoing global COVID-19 outbreak on the business and, whilst they accept that the ongoing situation may present a risk to the business, there is not considered to be an overall threat to the going concern status of the business.

Auditor

In accordance with the company's articles, a resolution proposing that Shaw Gibbs Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KYOCERA SGS PRECISION TOOLS EUROPE LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
Mr H M Welch
Director

Date: 23rd December 2020
.....

KYOCERA SGS PRECISION TOOLS EUROPE LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF KYOCERA SGS PRECISION TOOLS EUROPE LTD

Opinion

We have audited the financial statements of Kyocera SGS Precision Tools Europe Ltd (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 Financial Reporting Standard 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 loss 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 *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 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.

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

KYOCERA SGS PRECISION TOOLS EUROPE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF KYOCERA SGS PRECISION TOOLS EUROPE LTD

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 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, 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 website of the Financial Reporting Council 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 member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Lorna Watson (Senior Statutory Auditor)
for and on behalf of Shaw Gibbs Limited

28 December 2020

Chartered Certified Accountants
Statutory Auditor

264 Banbury Road
Oxford
OX2 7DY

KYOCERA SGS PRECISION TOOLS EUROPE LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Revenue	4	8,477,935	9,262,284
Cost of sales		(5,487,353)	(5,814,212)
Gross profit		2,990,582	3,448,072
Administrative expenses		(3,341,256)	(3,050,148)
Other operating income		8,105	18,387
(Loss)/profit before taxation	5	(342,569)	416,311
Tax on (loss)/profit	8	64,989	(86,457)
(Loss)/profit and total comprehensive income for the financial year		(277,580)	329,854

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

KYOCERA SGS PRECISION TOOLS EUROPE LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Non-current assets					
Property, plant and equipment	9	1,050,217		798,059	
Current assets					
Inventories	10	1,029,646		840,565	
Trade and other receivables	11	2,267,125		2,120,113	
Cash and cash equivalents		496,701		988,012	
		3,793,472		3,948,690	
Current liabilities	12	(1,683,155)		(1,149,802)	
Net current assets		2,110,317		2,798,888	
Total assets less current liabilities		3,160,534		3,596,947	
Non-current liabilities	12	(28,667)		-	
Provisions for liabilities		-		(187,500)	
Net assets		3,131,867		3,409,447	
Equity					
Called up share capital	18	90		90	
Other reserves	19	3,927,791		3,927,791	
Retained earnings		(796,014)		(518,434)	
Total equity		3,131,867		3,409,447	

The financial statements were approved by the board of directors and authorised for issue on 23rd December 2020 and are signed on its behalf by:



Mr H M Welch
Director

Company Registration No. 04377521

KYOCERA SGS PRECISION TOOLS EUROPE LTD

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

	Share capital £	Other reserves £	Retained earnings £	Total £
Balance at 1 April 2018	90	3,927,791	(848,288)	3,079,593
Year ended 31 March 2019:				
Profit and total comprehensive income for the year	-	-	329,854	329,854
Balance at 31 March 2019	90	3,927,791	(518,434)	3,409,447
Year ended 31 March 2020:				
Loss and total comprehensive income for the year	-	-	(277,580)	(277,580)
Balance at 31 March 2020	90	3,927,791	(796,014)	3,131,867

KYOCERA SGS PRECISION TOOLS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Kyocera SGS Precision Tools Europe Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 10 Ashville Way, Wokingham, Berkshire, RG41 2PL. The company's principal activities and nature of its operations are disclosed in the directors' report.

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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

The company meets the definition of a qualifying entity under FRS 101, The Financial Reporting Standard applicable in the UK and Republic of Ireland. These financial statements for the year ended 31 March 2020 are the first financial statements of Kyocera SGS Precision Tools Europe Ltd prepared in accordance with FRS 101. The company transitioned from FRS102 to FRS 101 for all periods presented and the date of transition to FRS 101 was 1 April 2018. No transition adjustments were required other than the IFRS16 adjustment, however the company has chosen to apply the modified retrospective transition method and thus prior comparatives were not restated.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- presentation of a statement of cash flows and related notes;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- IAS 24 "Related Party Disclosures" paragraph 17 - disclosure of key management personnel;
- comparative narrative information; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of Kyocera Corporation. The group accounts of Kyocera Corporation are available to the public and can be obtained as set out in note 22.

KYOCERA SGS PRECISION TOOLS EUROPE LTD

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

1 Accounting policies

(Continued)

1.2 Going concern

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

The company meets its day-to-day working capital requirements through its cash reserves and borrowings from the group.

The directors have taken all appropriate measures to mitigate the impact of the COVID-19 pandemic and enable the company to survive the impact on trade and cashflow requirements, including accessing the government support available such as the Coronavirus Job Retention Scheme, whilst making changes to reduce the ongoing base cost of the company.

The above measures are considered to be sufficient in order to steer the company through this challenging period.

After careful consideration of forecast cash flows and profit scenarios based on information available at the present time, the directors believe that the company will be able to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements. The directors have therefore concluded that it is appropriate to adopt the going concern basis for the preparation of these financial statements.

1.3 Revenue

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. The majority of the Company's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods have been dispatched to the customer.

The company recognises revenue from the following major sources:

- Manufacture and sale of precision cutting tools and drill bits

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

Manufacture and sale of precision cutting tools and drill bits

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Standard payment terms are entered into with customers.

KYOCERA SGS PRECISION TOOLS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	40% reducing balance
Fixtures, fittings & equipment	40% reducing balance
Plant and machinery	40% reducing balance
Computer equipment	40% reducing balance
Motor vehicles	40% reducing balance
Right of use property lease	life of the lease
Right of use motor vehicle lease	life of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of total comprehensive income.

1.5 Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Inventories

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Work in progress is valued on the basis of direct costs plus attributable overheads based on the level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.7 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.

1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

KYOCERA SGS PRECISION TOOLS EUROPE LTD

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

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Equity instruments

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

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

KYOCERA SGS PRECISION TOOLS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

KYOCERA SGS PRECISION TOOLS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

In the comparative period, as a lessee applying IAS 17, the company classified leases as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessees. All other leases were classified as operating leases. Assets held under finance leases were recognised as assets at the lower of the assets' fair value at the date of inception and the present value of the minimum lease payments. The related liability was included in the statement of financial position as a finance lease obligation.

Lease payments were treated as consisting of capital and interest elements and the interest was charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Rentals payable under operating leases, less any lease incentives received, were charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

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

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS16

Operating leases now shown as right of use assets

Change in accounting policy

The company now reports for Right of Use assets under FRS101. The effect on the balance sheet is that the lease is brought in as a liability and the corresponding value is recognised as an asset. The lease charges for the year are now reported as a depreciation charge.

KYOCERA SGS PRECISION TOOLS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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.

Critical judgements

Depreciation

The useful economic lives of tangible fixed assets have been derived from the judgement of the directors using their best estimate of the write down period.

Bad debt provision

The directors monitor the recoverability of debtors and provisions are put in place as and when this is considered necessary, depending on the underlying circumstances.

Stock provision

Any stock that is not sold within 2 years of purchase, is provided against so it has nil value in the balance sheet.

Dilapidations provision

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original condition at the end of the lease in accordance with the lease terms. After the year end a new 10 year lease was signed. The directors believe it would be prudent to accrue for the dilapidations provision to be reversed and then accrue over the life of the new lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

4 Revenue

	2020 £	2019 £
Revenue analysed by class of business		
Manufacture and sale of precision cutting tools and drill bits	8,477,935	9,262,284
	<u>8,477,935</u>	<u>9,262,284</u>
	2020 £	2019 £
Revenue analysed by geographical market		
United Kingdom	8,477,935	9,262,284
	<u>8,477,935</u>	<u>9,262,284</u>

KYOCERA SGS PRECISION TOOLS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

5 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	73,423	40,199
Fees payable to the company's auditor for the audit of the company's financial statements	28,000	28,000
Depreciation of property, plant and equipment	623,640	494,640
Operating lease payments	192,091	139,424
Cost of inventories recognised as an expense	4,175,072	4,690,304

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2020	2019
Number	Number
59	55

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	2,355,675	2,153,651
Social security costs	130,901	148,694
Pension costs	56,741	26,557
	2,543,317	2,328,902

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	105,411	92,208
Company pension contributions to defined contribution schemes	2,746	2,979
	108,157	95,187

8 Taxation

	2020	2019
	£	£
Current tax		
Adjustments in respect of prior periods	-	(6,930)

KYOCERA SGS PRECISION TOOLS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8 Taxation

(Continued)

	2020 £	2019 £
Deferred tax		
Origination and reversal of temporary differences	(64,989)	93,387
	<u>(64,989)</u>	<u>93,387</u>
Total tax charge/(credit)	<u>(64,989)</u>	<u>86,457</u>

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

	2020 £	2019 £
(Loss)/profit before taxation	(342,569)	416,311
	<u>(342,569)</u>	<u>416,311</u>
Expected tax charge based on a corporation tax rate of 0% (2019: 0%)	-	-
Actual deferred tax	(64,989)	93,387
Corporation tax adjustment prior year	-	(6,930)
	<u>(64,989)</u>	<u>86,457</u>
Taxation (credit)/charge for the year	<u>(64,989)</u>	<u>86,457</u>

KYOCERA SGS PRECISION TOOLS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Property, plant and equipment

	Land and buildings Leasehold	Fixtures, fittings & equipment	Plant and machinery	Computer equipment	Motor vehicles	Right of use property lease	Right of use motor vehicle lease	Total
	£	£	£	£	£	£	£	£
Cost								
At 31 March 2019	51,018	410,839	3,824,785	301,855	15,697	-	-	4,604,194
Additions	13,217	1,170	181,396	97,695	-	549,005	33,315	875,798
Disposals	-	-	(10,188)	-	-	-	-	(10,188)
At 31 March 2020	64,235	412,009	3,995,993	399,550	15,697	549,005	33,315	5,469,804
Accumulated depreciation and impairment								
At 31 March 2019	43,744	350,925	3,162,850	237,247	11,369	-	-	3,806,135
Charge for the year	4,942	23,970	269,767	46,409	1,726	264,712	12,114	623,640
Eliminated on disposal	-	-	(10,188)	-	-	-	-	(10,188)
At 31 March 2020	48,686	374,895	3,422,429	283,656	13,095	264,712	12,114	4,419,587
Carrying amount								
At 31 March 2020	15,549	37,114	573,564	115,894	2,602	284,293	21,201	1,050,217
At 31 March 2019	7,274	59,914	661,935	64,608	4,328	-	-	798,059

KYOCERA SGS PRECISION TOOLS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Property, plant and equipment

(Continued)

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2020 £	2019 £
Net values		
Property	284,293	-
Motor vehicles	21,200	-
	<u>305,493</u>	<u>-</u>
Depreciation charge for the year		
Property	264,712	-
Motor vehicles	12,114	-
	<u>276,826</u>	<u>-</u>

In the previous year, the company only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the company's borrowings.

10 Inventories

	2020 £	2019 £
Work in progress	89,125	110,466
Finished goods	940,521	730,099
	<u>1,029,646</u>	<u>840,565</u>

11 Trade and other receivables

	Current		Non-current	
	2020 £	2019 £	2020 £	2019 £
Trade receivables	1,649,180	1,589,092	-	-
Corporation tax recoverable	-	6,930	-	-
VAT recoverable	18,569	-	-	-
Amounts owed by fellow group undertakings	171,450	188,850	-	-
Other receivables	184,442	158,829	-	-
Prepayments and accrued income	130,793	128,710	-	-
	<u>2,154,434</u>	<u>2,072,411</u>	<u>-</u>	<u>-</u>
Deferred tax asset	-	-	112,691	47,702
	<u>2,154,434</u>	<u>2,072,411</u>	<u>112,691</u>	<u>47,702</u>

KYOCERA SGS PRECISION TOOLS EUROPE LTD

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

12 Liabilities

		Current		Non-current	
	Notes	2020	2019	2020	2019
		£	£	£	£
Trade and other payables	13	1,332,782	1,041,426	-	-
Taxation and social security		73,547	108,376	-	-
Lease liabilities	14	276,826	-	28,667	-
		<u>1,683,155</u>	<u>1,149,802</u>	<u>28,667</u>	<u>-</u>

13 Trade and other payables

	2020	2019
	£	£
Trade payables	131,116	133,165
Amounts owed to fellow group undertakings	1,089,525	745,710
Accruals and deferred income	37,983	111,718
Other payables	74,158	50,833
	<u>1,332,782</u>	<u>1,041,426</u>

14 Lease liabilities

	2020	2019
	£	£
Maturity analysis		
Within one year	276,826	-
In two to five years	28,667	-
Total undiscounted liabilities	<u>305,493</u>	<u>-</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020	2019
	£	£
Current liabilities	276,826	-
Non-current liabilities	28,667	-
	<u>305,493</u>	<u>-</u>

Interest on lease liabilities

-

The fair value of the company's lease obligations is approximately equal to their carrying amount.

Other leasing information is included in note 20.

KYOCERA SGS PRECISION TOOLS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Deferred taxation

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

	ACAs £
Deferred tax asset at 1 April 2018	(141,089)
Deferred tax movements in prior year	
Credit to profit or loss	93,387
Deferred tax asset at 1 April 2019	(47,702)
Deferred tax movements in current year	
Credit to profit or loss	(64,989)
Deferred tax asset at 31 March 2020	(112,691)

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

16 Provisions for liabilities

	2020 £	2019 £
	-	187,500
At 1 April 2019		187,500
Additional provisions in the year		57,288
Reversal of provision		(244,788)
At 31 March 2020		-

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. After the year end a new 10 year lease was signed. The directors believe it would be prudent for the dilapidations provision to be reversed and then accrue if for the next 10 years. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

KYOCERA SGS PRECISION TOOLS EUROPE LTD

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

17 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £56,741 (2019 - £26,557).

18 Share capital	2020 £	2019 £
Ordinary share capital		
Authorised		
90 Ordinary shares of £1 each of £1 each	90	90
	<u> </u>	<u> </u>
Issued and fully paid		
90 Ordinary shares of £1 each of £1 each	90	90
	<u> </u>	<u> </u>

19 Other reserves

	£
Balance at 31 March 2019	3,927,791
Balance at 31 March 2020	<u>3,927,791</u>

Following the acquisition of the company on 2 May 2016, the company's bank loans and overdrafts were repaid by the parent company in full. This loan from the parent of £3,927,791 was converted into capital contribution.

20 Other leasing information

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2020 £	2019 £
Expense relating to short-term leases	<u>192,091</u>	<u>139,424</u>

KYOCERA SGS PRECISION TOOLS EUROPE LTD

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

20 Other leasing information

(Continued)

Information relating to lease liabilities is included in note 14.

21 Related party transactions

Other information

The company has taken advantage of the available exemptions under FRS 101.8(k) and has not disclosed transactions and outstanding balances with fellow subsidiary undertakings and its immediate parent company Kyocera SGS Precision Tools Inc on the basis that all parties to these transactions are 100% owned by Kyocera SGS Precision Tools Inc. The consolidated financial statements of Kyocera SGS Precision Tools Inc, can be obtained from 55 S Main St, Munroe Falls, OH 44262, United States.

There are no other related party transactions requiring disclosure.

22 Controlling party

At the balance sheet date, the company's immediate parent was Kyocera SGS Precision Tools Inc, which is incorporated in the USA.

At the balance sheet date, the company's ultimate parent undertaking and controlling party was Kyocera Corporation, which is incorporated in Japan and was the parent of the largest and smallest group to prepare consolidated financial statements which include the company. Copies of the financial statements of Kyocera Corporation are publicly available and can be obtained from 6 Takeda Tobadono-cho, Fushimi-ku, Kyoto, Japan 612-8501.

23 Events after the reporting date

The implications of the ongoing Covid-19 pandemic, especially in light of going concern, have been discussed in the relevant accounting policy. As noted in the relevant policy, the directors believe that the company will be able to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements using existing working capital and government support.

24 Effect of adoption of IFRS 16 - Leases

As indicated in note 13, the company has adopted IFRS 16 Leases retrospectively from 1 April 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard.