Ricoh Europe Holdings PLC

Strategic Report, Directors' Report and Financial Statements

Registered number 6273215

Year ended 31 March 2019

Contents

Strategic report

Principal activities

The principal activities of Ricoh Europe Holdings PLC ("the Company" or "the Parent Company") and its subsidiary undertakings (together "the Group") are to provide services and technologies to large and small businesses that will transform their business transactions and document processes. The Group does this through its core capabilities in Managed Document Services, Commercial & Industrial Printing, Office Solutions and IT Services.

Results

The profit for the financial year of £83.9m (2018: loss of £31.9m) has been transferred to reserves.

Business review

The Group made an operating profit of £136.3*m* (*2018 profit:* £61.9*m*). *The Group had net assets of* £1,663.5*m as at* 31 March 2019 (2018: £1,611.3m).

Objectives and strategies

The Group's objective is to grow sales and profitability by empowering digital workplaces. Ricoh improves workplaces using innovative technologies and services enabling individuals to work smarter.

The key strategies employed by the Group to support this objective include:

- To become a relations-based group, seen as a partner of customers, offering tailored hardware and software solutions to add value to their business.
- To have the right people, with the right skills to sell, service and support the Group's products.
- To draw on support from the Group's internal partners in areas of research and development, manufacturing, supply chain management and central service support to help achieve the objective.
- To strengthen the corporate brand and position the Group to support the introduction of new products to new market segments.

Benefiting businesses around the world

Ricoh is a global technology company that has been transforming the way people work for more than 80 years. Under its corporate brand message – *imagine. change.* – Ricoh continues to empower companies and individuals with services and technologies that inspire innovation, enhance sustainability and boost business growth. These include document management systems, IT services, production print solutions, visual communications systems, digital cameras, and industrial systems.

Headquartered in Tokyo, the Ricoh global group operates in approximately 200 countries.

Ricoh has a strong global direct sales and service network model which means our customers can rely on one partner for all of their global needs. Ricoh Global Services provides a single point of contact on an EMEA and global basis through its teams based in EMEA, the Americas, China, Japan and Asia Pacific. This ensures that Ricoh is working closely with its customers to meet their needs at a local and global level.

For more information on how Ricoh can help to optimise business document processes visit www.ricoh-europe.com/services-solutions/index.aspx

Ricoh *imagine. change.*

Every day, all over the world, Ricoh helps people harness the power of collective imagination to enjoy a more productive, fulfilling and sustainable quality of life.

We are always moving forward with new ideas and new ways of improving lives. Change is driven by imaginative thinking. That is the proposition of the Ricoh brand *imagine. change.*

These two words describe the way we work with each other, the way we bring value to our customers' businesses, the way we interact with the market. They express our belief in the creative potential of individuals and organisations, and our emphasis on forward thinking and positive results.

For those who want to transform their business and leverage the collective knowledge and imagination of their people, the solution is as simple as *imagine. change.* It is more than just a tagline, it is the essence of the Ricoh brand experience.

About Ricoh Global

The greatest asset of a company, a country, or the Earth itself, is the imagination of its people. By thinking creatively and collaborating with each other, people can improve the way communities live and work together.

From the very beginning, Ricoh has been energised by this belief in the power of creative ideas. The company's founder, Kiyoshi Ichimura, nurtured a unique pool of thinkers, motivated by professional pride, who refused to be limited by tradition. They envisioned a world where information could be copied precisely and distributed at the touch of a button, a world where critical business knowledge was available anywhere, anytime.

Ricoh made this vision a reality through a potent combination of technology, engineering, and quality manufacturing. Its printers, copiers and fax machines spearheaded the era of office automation and revolutionised business operations. More recently, managed document services have established Ricoh's reputation as a global document expert.

Today, Ricoh is a truly international company. It fosters genuine partnerships with its customers through exceptional standards of service. With Ricoh's technical ability and IT knowledge on their team, these companies can reduce costs, eliminate waste and streamline processes, yielding tangible benefits for their own customers.

Most importantly, by freeing employees to think creatively, and making institutional wisdom more readily available, Ricoh promotes business transformation that is profound and lasting.

Ricoh is always thinking ahead. It is designing products and services tailored to specific industries, emerging markets and businesses large and small. It is creating solutions that answer local needs and breathing new life into established forms of knowledge sharing.

Through cloud computing, remote monitoring, and other innovations, Ricoh is making information more mobile, and personal. Its consumer products are also enhancing the way people interact with the world around them, whether through an award winning line of digital cameras, or online data storage services.

Ricoh views business, society and the planet as interconnected. It strives to be a company people are proud to work for, going beyond compliance to encourage responsible growth wherever possible. By linking its commitment to forward-thinking business strategies, it promotes development that is profitable and sustainable at customer sites as well as its own operations.

Every day, all over the world, Ricoh helps people harness the power of collective imagination to enjoy a more productive, fulfilling and sustainable quality of life. To learn more visit www.ricoh-europe.com/about-ricoh/

Ricoh EMEA Sponsorship

At Ricoh Europe we inspire change and positive results through the imaginative thinking of our people. It is how we bring value to our customers. With the Ricoh Sport Sponsorship and Connected Business programmes, we express our belief in the creative potential of individuals and organisations.

Ricoh thought leadership reports

Through Ricoh sponsored research programmes, Ricoh Europe provides insights into the challenges of technology led change and its impacts on the workplace of the future.

A series of insight and reports are available at www.ricoh-europe.com/thoughtleadership

Recent papers focus on the challenges and opportunities in establishing more agile and flexible businesses, as well as the task of communicating with customers in a consistently personal and impactful way.

Risks and uncertainties

The key risks and uncertainties facing the Group are:

Political risk: There are currently no known impacts expected during the financial year arising from Brexit however we recognise that these may arise as the political situation develops and therefore the Group continues to closely monitor developments in the UK political arena, and the external economic environment.

Competitor risk: Failure to compete with competitors on areas including price, product range, quality and service could have an adverse effect on the Group's financial results. Please refer to Future trends and developments section.

People risk: Failure to attract, retain and motivate the best people with the right capabilities at all levels of the operation would be detrimental to the success of the Group.

Foreign currency risk: Certain forecasted transactions and assets are exposed to foreign currency risk. The risk is managed through the use of forward and swap contracts to lock in fixed rates, thereby reducing volatility. In the opinion of the directors, our policy for managing FX risk remains appropriate following the trigger of the Brexit process.

Key performance indicators (KPIs)

The Board monitors the Group's progress against its strategic objectives and the financial performance of its operations on a regular basis. Performance is assessed against the strategy, budgets and forecasts using financial and non-financial measures. The most significant KPIs used by the Group are as follows:

KPIs	**2019**	**2018**
Sales	**£2,980.5m**	**£3,078.9m**
Profit/(loss) before tax	**£128.9m**	**(£19.2m)**
Gross Profit %	**46.7%**	**45.5%**
Market Share *(Provided by Infosource)*		
- Total Office and Production copiers*	**17.9%**	**18.7%**

* This relates to the calendar year ended 31 December 2018 and 31 December 2017 respectively (Western Europe region).

Future trends and developments

The Group expects to continue to develop relationships with significant global customers, maintain and enhance its competitive product range, leverage strategic relationships with other business partners and develop revenue and profit opportunities.

On 1 April 2017 Ricoh embarked on its 19th Mid-Term Plan (MTP). This outlines Ricoh's global strategic focus for the next three years. The 19th MTP is made up of four pillars which reflect our commitment to transformation, office printing, office services and commercial & industrial printing. This focus will ensure our future growth, drive agility, move us even closer to our customers and reaffirm our ability to enable the digital workplace.

Ricoh clients, partners and employees can stay up to date with the latest views from Ricoh at:

- Facebook: www.facebook.com/ricoheurope
- Twitter: www.twitter.com/ricoheurope
- LinkedIn: https://www.linkedin.com/company/ricoh-europe
- YouTube: www.youtube.com/ricoheurope

Corporate social responsibility

Sustainability

Aligning Ricoh's business activities to the United Nations Sustainable Development Goals (SDGs) and achieving the right balance between People, Planet and Prosperity is at the heart of our approach to sustainability.

We believe that we can help resolve social issues through business. In 2014, we carried out a comprehensive materiality assessment to establish which sustainability issues represented risks and/or opportunities for our business. We identified the following five priority issues and some example of recent progress:

- Intelligence Creation (SDG 8 & 9)
  - We have developed a bed sensor system that accurately monitors biometric information to enhance the efficiency and quality of nursing and healthcare services.
  - We have developed a road surface monitoring system to streamline safety management.

- Productivity Enhancement (SDG 8 & 9)
  - We have combined videoconferencing systems and interactive whiteboards to foster creativity.

- Quality of Life Enhancement (SDG 3, 4 & 11)
  - We are enhancing the quality of education in India's public schools through the deployment of projectors and digital learning materials.
  - Our visual communication products help deliver quality learning in depopulated areas of Japan.

- Zero-Carbon Society (SDG 7,12 & 13)
  - We adopted a local production and consumption model for wood biomass which helps to conserve regional forests and cut carbon dioxide emissions.

- Circular Economy (SDG 7,12 &13)
  - We have reduced the overall environmental impacts of the product lifecycle by reusing products and parts, using more recycled materials and renewable resources.

The Group publishes an annual integrated report which can be obtained from:
https://www.ricoh.com/sustainability/report/download/

For more information on our approach to sustainability, please visit:
https://www.ricoh-europe.com/about-us/sustainability/index.html

Environment

The Group is committed to reducing the environmental impact of its own operations. It has established an Environmental Action Plan which focuses on five key pillars, meeting and exceeding key current European regulations and guidance standards:

- Energy conservation and prevention of global warming (Energy Star, Blue Angel, EuP directive)
- Resource conservation and recycling (WEEE regulations, Battery Directive)
- Pollution prevention (RoHS, REACH, Hazardous waste regulations)
- Biodiversity conservation
- Enhance the basis for environmental management

For more information, please visit: https://www.ricoh.com/sustainability/environment/plan/plan19th.html

Charitable donations

Each year, the Group measures employee participation in charitable activities and biodiversity conversation programmes. During the fiscal year ended March 2019, Ricoh Group made financial donations of £0.5m (2018: £0.8m). This amount includes financial donations, labour (man-hours) and donated products converted into their monetary value.

Employees

In Ricoh Europe Holdings PLC, employees are the heart of our business. We are committed to creating an engaging environment that fosters development and constructive working relationships, encourages open two-way dialogue, and recognises the diverse ideas of our employees as critical to our effectiveness, innovation, and business results.

As reflected in Ricoh's global mission statement, "We are committed to providing excellence to improve the quality of living and to drive sustainability." Inherent in this is our vision to be the most trusted global company. Our Ricoh Way values reflect the ethos and qualities that will ensure success in this regard.

Inclusion and diversity are integral to our success at Ricoh, and we believe that each of our employees, clients and stakeholders bring unique perspectives and talents. We are committed to fostering a culture of inclusiveness and excellence where individuals feel confident in bringing their whole selves to work, and are empowered to demonstrate the positive behaviours which contribute fully to Ricoh's vision and goals.

This commitment includes internal development programmes that promote diversity and inclusion, involvement in our communities through volunteering, and partnerships with external organisations to expand our networks and outreach. In this regard, Ricoh has been a founding member of Women Ahead, Moving Ahead, a change management consultancy who specialise in driving inclusion and diversity and developing leaders through mentoring, coaching and networking programmes. Based on the success of this partnership, Women Ahead, Moving Ahead has become an integral member organisation of the Ricoh group to sponsor programmes that develop the talents, backgrounds, and capabilities of individuals and teams, and enhance our outreach and external networks.

Ricoh is proud to be an equal opportunity employer and positively encourages applications from suitably qualified and eligible candidates, regardless of sex, race, disability, age, sexual orientation, gender reassignment, religion or belief, marital or civil partnership status, or pregnancy and maternity.

Our Ricoh Global Diversity Statement reflects our global commitment to diversity and inclusion:

"At Ricoh, we embrace and respect the collective and unique talents, experience and perspectives of all people. Together we inspire remarkable innovation. That's how we live the Ricoh Way."

By order of the Board

20 September 2019

N. C. Downing
Company Secretary

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2019.

The Company has chosen, in accordance with the Companies Act section 414C (11) to include the disclosure of likely future developments in the Strategic Report.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, based on existing cash resources. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Accounts and Dividends

The profit for the financial year of £83.9m (2018: loss of £31.9m) has been transferred to reserves. In February 2019, the board approved the dividend of £21.2m to the parent company Ricoh Company Limited (RCL) (2018: £21.3m).

Directors

The directors of the Company who served during the year, and to date, were:

D. Mills
A. Oyama
K. Tominaga (resigned 30 April 2018)
K. Fujimoto (appointed 30 April 2018)

There were no contracts existing during, or at the end of the year in which any director is, or was, materially interested which are, or were, significant in relation to the Group's business.

Post balance sheet events

There were new acquisitions after the balance sheet date. Please see note 30.

Auditor

Pursuant to Section 489 of the Companies Act 2006 and in line with parent company's decision KPMG LLP ceased to hold office and Deloitte LLP has been appointed for the financial year ending 31 March 2020.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

20 September 2019

N. C. Downing
Company Secretary

Registered Office
20 Triton Street
London NW1 3BF

Registered in England
No. 6273215

Statement of directors' responsibilities in respect of the Strategic Report and the Directors' Report and the financial statements

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Ricoh Europe Holdings PLC

Opinion

We have audited the financial statements of Ricoh Europe Holdings PLC ("the company") for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- we have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

John Luke (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square,
London
E14 5GL

23 September 2019

Consolidated Statement of Comprehensive Income for the year ended 31 March

	Note	2019 £m	2018 £m
Revenue	4	**2,980.5**	3,078.9
Cost of sales		**(1,588.2)**	(1,677.3)
Gross profit		**1,392.3**	1,401.6
Selling and distribution expenses		**(1,078.5)**	(1,111.0)
Administrative expenses		**(177.5)**	(228.7)
Operating profit		**136.3**	61.9
Finance income	5	**16.7**	11.5
Finance expenses	5	**(18.7)**	(14.7)
Other finance income	6	**11.0**	11.3
Other finance expenses	6	**(14.5)**	(14.9)
Impairment loss relating to investments	15	**-**	(26.1)
Impairment loss relating to tangible and intangible assets	12	**(0.9)**	(47.8)
Non-controlling interest	27	**(1.0)**	(0.4)
Profit / (Loss) before tax	7	**128.9**	(19.2)
Taxation	10	**(45.0)**	(12.7)
Profit / (Loss) for the year		**83.9**	(31.9)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial (losses) / gains on defined benefit pension plans	22	**(16.1)**	16.7
Income tax credit / (charge) on other comprehensive income	10	**0.6**	(5.5)
Items that are reclassified subsequently to profit or loss:			
Net exchange (losses) / gains and other movements		**(33.9)**	35.6
Other comprehensive (losses)/income for the year, net of income tax		**(49.4)**	46.8
Total comprehensive income for the year		**34.5**	14.9

The results above relate to continuing activities.

The accompanying notes on pages 16 to 46 form part of the financial statements.

Consolidated Balance Sheet as at 31 March

	Note	2019 £m	2018 £m
Assets			
Non-current assets			
Property, plant and equipment	11	**152.1**	172.0
Intangible assets	12	**185.2**	195.7
Trade and other receivables	13	**52.4**	10.2
Finance lease receivables	14	**545.6**	548.2
Investments	15	**2.2**	2.3
Deferred tax assets	16	**86.3**	80.5
		1,023.8	1,008.9
Current assets			
Inventories	17	**274.4**	253.5
Trade and other receivables	13	**1,512.9**	1,472.9
Finance lease receivables	14	**300.0**	294.5
Cash and cash equivalents	18	**43.4**	35.6
		2,130.7	2,056.5
Total assets		**3,154.5**	3,065.4
Current liabilities			
Loans and borrowings	19	**(642.8)**	(618.5)
Trade and other payables	20	**(555.8)**	(554.4)
Provisions	21	**(72.5)**	(88.5)
		(1,271.1)	(1,261.4)
Non-current liabilities			
Loans and borrowings	19	**(4.8)**	(2.9)
Trade and other payables	20	**(12.9)**	(11.2)
Deferred tax liabilities	16	**(29.7)**	(13.6)
Provisions	21	**(3.8)**	(4.2)
Employee benefits	22	**(168.7)**	(160.8)
		(219.9)	(192.7)
Total liabilities		**(1,491.0)**	(1,454.1)
Net assets		**1,663.5**	1,611.3
Equity			
Share capital	23	**2.0**	2.0
Share premium	23	**559.5**	559.5
Merger reserve	23	**54.9**	53.9
Retained earnings		**1,010.9**	960.6
Equity shareholder's funds		**1,627.3**	1,576.0
Non-controlling interest	27	**36.2**	35.3
Total equity		**1,663.5**	1,611.3

The accompanying notes on pages 16 to 46 form part of the financial statements.

These financial statements were approved by the board of directors on 20 September 2019 and were signed on its behalf by:

D. Mills
Director

Company registered number: 6273215

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Equity shareholder's funds £m	Non-controlling interest £m	Total equity £m
Balance at 1 April 2018	**2.0**	**559.5**	**53.9**	**960.6**	**1,576.0**	**35.3**	**1,611.3**
Adjustment on initial application of IFRS 15 (net of tax)	-	-	-	34.2	34.2	-	34.2
Adjustment on initial application of IFRS 9 (net of tax)	-	-	-	1.3	1.3	-	1.3
Adjusted balance at 1 April 2018	**2.0**	**559.5**	**53.9**	**996.1**	**1,611.5**	**35.3**	**1,646.8**
Profit for the year				83.9	83.9	-	83.9
Other comprehensive income	-	-	-	(49.4)	(49.4)	1.0	(48.4)
Dividend	-	-	-	(21.2)	(21.2)	-	(21.2)
Other movements	-	-	1.0	1.5	2.5	(0.1)	2.4
Balance at 31 March 2019	**2.0**	**559.5**	**54.9**	**1,010.9**	**1,627.3**	**36.2**	**1,663.5**

	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Equity shareholder's funds £m	Non-controlling interest £m	Total equity £m
Balance at 1 April 2017	**2.0**	**559.5**	**53.9**	**967.0**	**1,582.4**	**35.8**	**1,618.2**
Loss for the year	-	-	-	(31.9)	(31.9)	-	(31.9)
Other comprehensive income	-	-	-	46.8	46.8	0.4	47.2
Dividend	-	-	-	(21.3)	(21.3)	-	(21.3)
Other movements	-	-	-	-	-	(0.9)	(0.9)
Balance at 31 March 2018	**2.0**	**559.5**	**53.9**	**960.6**	**1,576.0**	**35.3**	**1,611.3**

The accompanying notes on pages 16 to 46 form part of the financial statements.

Consolidated Cash Flow Statement for year ended 31 March

	Note	2019 £m	2018 £m
Cash flows from operating activities			
Operating profit for the year		**136.3**	61.9
Adjustments for:			
Depreciation and amortisation		**56.7**	65.8
Foreign exchange (losses) / gains		**(22.3)**	43.2
Gain on sale of property, plant and equipment	7	**-**	(0.5)
Opening IFRS 15 and IFRS 9 adjustments	29	**35.5**	-
Net other finance expenses	6	**(3.5)**	(3.6)
		202.7	166.8
Changes in:			
(Increase) in trade and other receivables	13	**(82.2)**	(33.4)
(Increase) / decrease in inventories	17	**(20.9)**	10.7
(Increase) in finance lease receivables	14	**(2.9)**	(78.3)
Increase in trade and other payables	20	**3.1**	40.4
(Decrease) in provisions and employee benefits	21,22	**(24.6)**	(6.0)
Tax paid		**(34.1)**	(28.7)
Net cash from operating activities		**41.1**	71.5
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**13.8**	22.1
Interest received	5	**16.7**	11.5
Dividends paid		**(21.2)**	(21.3)
Acquisition of intangible assets, property, plant and equipment	11,12	**(42.3)**	(59.0)
Acquisition of a business		**-**	(5.2)
Expenditure on assets in the course of construction	11	**(7.8)**	(15.8)
Net cash outflow from investing activities		**(40.8)**	(67.7)
Cash flows from financing activities			
Interest paid	5	**(18.7)**	(14.7)
Increase /(repayment) of borrowings	19	**15.0**	(17.9)
Net cash outflow from financing activities		**(3.7)**	(32.6)
Net decrease in cash and cash equivalents		**(3.4)**	(28.8)
Cash and cash equivalents at 1 April		**(27.7)**	1.1
Cash and cash equivalents at 31 March	18	**(31.1)**	(27.7)

The accompanying notes on pages 16 to 46 form part of the financial statements.

Notes to the Consolidated Financial Statements

1 General information

Ricoh Europe Holdings PLC ("the Company") is a company incorporated in the United Kingdom under the Companies Act. The address of the Company's registered office is 20 Triton Street, London NW1 3BF.
These financial statements are presented in pound sterling in decimal millions.

2 Significant accounting policies

Compliance with International Financial Reporting Standards
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. IFRS includes the standards and interpretations approved by the International Accounting Standards Board ("IASB") including International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The company has elected to prepare its parent company financial statements in accordance with FRS101; these are presented on pages 47 to 50.

The Group has applied IFRS 15 and IFRS 9 from 1 April 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements. The accounting policies set out below, with the exception of those set out in note 3, have been applied in preparing the financial statements for the years ended 31 March 2019.

Basis of preparation
These 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.

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities, generally accompanying by a shareholding of more than half of the total shares issued and the related voting rights. As from the date that these criteria are met, the financial data of the relevant company are consolidated.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Associates are those entities which the Group has significant influence. Significant influence is defined as, the Group has power to participate in the financial and operation policy decisions of the investee but not control or joint control over those policies. Significant influence is presumed to exist when the Group holds greater than 20 percent but less than 50 percent of the voting power of another entity unless there is evidence to the contrary.

Going concern
After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, based on expected sales volumes and existing cash resources, taking account of reasonably possible changes in trading performance and the current economic environment. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Goodwill
Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed.

Intangible assets (other than goodwill)
Intangible assets acquired separately are capitalised at cost. Intangible assets acquired as part of an acquisition are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses.

Customer contracts purchased are amortised over their useful economic lives, being their respective unexpired periods. The directors have determined that the useful economic lives of customer contracts acquired are up to 20 years. Each class of intangible assets is examined individually for every acquisition to determine an appropriate useful life.

Notes *(continued)*

Significant accounting policies *(continued)*

Revenue recognition

The Company has applied IFRS 15 using the retrospective with cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 April 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS11.

Revenue from contracts with customers
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. Revenue presents amounts received or receivable for goods and other related services provided in the normal course of business, excluding intra-Group sales, trade discounts, VAT and other sales related taxes.

The Group satisfies a performance obligation and recognises revenue overtime, if one of the following criteria is met:

(a) The Group performance does not create an assets with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

(b) The Group performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

(c) The customer simultaneously receives and consumes the benefits provided by the Group performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates accrued income on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to deferred revenue.

Sales of goods revenue
The Group performance obligation with respect to physical goods is to deliver and install a finished product to a customer. The transfer of control to the customer at the point of installation and customer acceptance. Revenue is recognised at that point in time.

Service revenue
Service revenues are mostly obtained from maintenance contracts that have been concluded for machines sold or leased out or from business services activities. Revenues are recognised pro-rata over the period of the contract or based on satisfaction of performance obligation. If service contracts have been invoiced in advance, the considerations are included in the balance sheet as deferred income.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer. Revenues are recognised pro-rata over the period of the contract. If service contracts have been invoiced in advance, the considerations are included in the balance sheet as deferred income.

Turnover arising from operating leases is recognised on a straight line basis over the period of each lease. Income arising from finance leases is recognised as finance income over the period of the lease using the rate implicit in the lease. The costs are included automatically in the finance lease receivable for calculation of the interest rate implicit in the lease.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when shareholders' rights to receive payment have been established.

Operating Segments
The Group is exempt from the disclosures required under IFRS 8 *Operating Segments*, as it does not have any publicly traded securities.

Notes *(continued)*

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in Loans and Borrowings.

The amortised cost, net of provision and unearned finance income, is recorded in the balance sheet as a Finance Lease Receivable and rental income is apportioned between the reduction of this debtor and interest receivable to give a constant periodic rate of return on the net cash investment.

An operating lease is different from a finance lease and is classified as such if it does not transfer substantially all the risks and rewards incidental to ownership. The Group as a lessor presents the assets subject to operating leases in the balance sheet according to the nature of the asset. The operating lease instalments are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currency translation

Functional and presentation currency
The consolidated financial statements are presented in Sterling which is the Company's functional and the Group's presentational currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

Transactions and balances
Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the date of the balance sheet. Currency translation differences on monetary assets and liabilities are taken to the consolidated Statement of Comprehensive Income.

Group companies
Results and cash flows of subsidiaries which do not have Sterling as their functional currency are translated into Sterling at average exchange rates for the year, and the related Statements of Financial Position are translated at the rates of exchange ruling at the balance sheet date. Adjustments arising on translation of the results of such subsidiaries at average rates, and on the restatement of the opening net assets at closing rates, are dealt with in a separate translation reserve within equity.

Finance expenses

Finance expenses of debt are recognised in the Statement of Comprehensive Income over the term of such instruments at a constant rate on the carrying amount.

Property, plant and equipment

Property, plant and equipment including assets acquired under finance leases are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Plant and equipment, office equipment and vehicles	-	between 2 and 10 years
Software	-	between 3 and 12 years
Rental assets	-	between 3 and 6 years

Once assets in the course of construction come into service they are transferred into the appropriate fixed asset category and depreciation of the asset commences.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is based on the weighted average principle and includes costs directly related to the units of production, such as direct labour, and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Net realisable value represents the estimated selling price less costs to completion and appropriate selling and distribution costs.

Provision is made, where necessary, for slow moving, obsolete and defective inventories.

Notes *(continued)*

Refinancing of finance leases and other receivables

Finance leases and other receivables are periodically sold to third party finance companies. Where all significant risks and rewards of ownership of such receivables are transferred to a third party, the receivables are treated as sold and removed from the balance sheet.

However, where some of the risks and rewards of ownership are retained, the receivables and associated liabilities are classified as secured current assets and secured creditors respectively. The majority of such sales relate to finance lease receivables and the liability is separately identified as customer lease financing (secured).

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 balance sheet 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.

Non-controlling interest

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

Financial instruments (policy applicable from 1st April 2018)

(i) Recognition

Trade receivables 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.

(ii) Classification and subsequent measurement

On initial recognition, all financial assets are measured at amortised cost except for cash flow hedges which are valued using the fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI) methods. Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

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.

Financial liabilities are classified as measured at amortised cost. 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. The Group did not identify any impact for financial liabilities upon adopting IFRS 9.

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.

(iii) Impairment

The Group has applied the simplified approach to recognise loss allowances for expected credit losses (ECLs) on trade receivables, finance lease receivables and contract assets (as defined in IFRS15).

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.

For trade receivable and contract assets, the Group calculate the expected credit loss based on most recent three year's historic loss rate, calculating an average credit loss rate.

For finance lease receivable, the Group calculate the expected loss based by assessing the actual credit losses for the last 5 years, calculating an average credit loss rate.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost 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.

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. 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.

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) when there is no realistic prospect of recovery.

Financial instruments (policy applicable prior to 1st April 2018)

Financial assets

All financial assets are recognised and derecognised on a settlement date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value plus transaction costs.

All financial assets, other than cash and cash equivalents, are classified as loans and receivables.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Employee benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Group 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 income statement 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 Group's net obligation in respect of defined benefit pension plans and other post-employment benefits 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) is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

All actuarial gains are recognised in the period they occur directly into equity through the Statement of Comprehensive Income.

Notes *(continued)*

The Company is the sponsoring employer of a Group wide defined benefit pension plan. As there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is the Company. No contributions are payable by the participating entities to the Company in relation to the Group wide defined benefit pension plan.

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 Group 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.

Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Such assets and liabilities are not recognised on the balance sheet if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Accounting estimates and judgements

In the application of the Group's accounting policies, which are described in this note, the Directors are required to make judgements, 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.

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.

Key sources of estimation uncertainty and critical accounting judgements are as follows:

Note 4- Revenue (Significant judgements when applying IFRS15)

a) Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. The Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time in the following circumstances:

- Where contracts are entered into to provide services (maintenance etc.), the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Notes *(continued)*

- Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

b) Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.
In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

c) Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer. It requires judgement to determine the point in time at which the performance obligation is satisfied. Indicators considered to determine the moment of the transfer of control are, but not limited to the following: right to payment, legal title, physical possession, risks and rewards of ownership and customer acceptance.

d) Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of meeting contractual obligation to the customers, these estimates mainly include for services contracts, the time elapsed.

Note 10 - Taxation
Tax on profit / (loss) is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid on past profits which are recognised in the financial statements.

Notes 11, 12 &15 – Impairment of PPE, intangibles and investments
The impairment review is performed on a "value in use" basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. To align with the Group's strategic business operations, impairment on property, plant, equipment, goodwill and other intangibles are allocated to three cash generating units ("CGUs"- Office Printing, Office Services and Commercial & Industrial Printing).

Note 13 - Provision for bad debt
In determining the provision for bad debt, management makes its estimates and assumptions based on aging and specific developments regarding customers (e.g. creditworthiness and market developments). The provision for bad debt is reviewed periodically to assess the adequacy of the provision.

Note 16 - Deferred tax assets and liabilities
Deferred tax assets and liabilities represent management's best estimate in determining the amounts to be recognised. When assessing the extent to which deferred tax assets should be recognised, consideration is given to the timing and level of future taxable income.

Note 21 – Provisions
Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Note 22 - Employee benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Changes in these assumptions can have a significant impact on the projected defined benefit obligations, funding requirements and periodic costs incurred.

Notes *(continued)*

3 Adoption of new and revised standards

At the date of authorisation of these financial statements, the following relevant standards and interpretations (which have not been applied in these financial statements) were in issue but not yet effective.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard will be effective for the Group for the financial year beginning on 1 April 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. The Group is expected to take advantage of the exceptions on short term leases and low value leases. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

(i) Leases in which the Group is a lessee

The Group has reviewed its lease portfolio and identified the leases that will be impacted by IFRS 16. The nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

(ii) Leases in which the Group is a lessor

The Group will reassess the classification of sub-leases in which the Group is a lessor. There are no significant impacts expected for other leases in which the Group is a lessor.

(iii) Transition

The Group plans to apply IFRS 16 initially on 1 April 2019, using the modified retrospective approach and will not be restating prior comparative periods. The Group does not expect a significant impact to the opening balance of retained earnings at 1 April 2019 from the cumulative effect of adopting IFRS 16.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 April 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Group also plans to apply the practical expedient which allows applying a single discount rate to a portfolio of leases with reasonably similar characteristics and economic environments.

Other standards
The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

4 Revenue

The Group's revenue comprises:

	UK&Ireland 2019 £m	Europe 2019 £m	RoW 2019 £m	UK&Ireland 2018 £m	Europe 2018 £m	RoW 2018 £m
Total revenue per region	**536.4**	**2,246.4**	**197.7**	525.9	2,346.9	206.1

	2019 £m	2018 £m
Revenue from contract with customers	**1,990.8**	2,031.9
Leasing revenue	**989.7**	1,047.0
Total revenue	**2,980.5**	3,078.9

(i) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of goods and services over time and at a point in time.

	Timing of revenue recognition	2019 £m	2018 £m
Goods	At a point in time	**659.5**	677.0
Services	Over time	**1,331.3**	1,354.9
Revenue from contracts with customers		**1,990.8**	2,031.9

The company has initially applied IFRS 15 using the retrospective with cumulative effect method. Under this method, the comparative information is not restated.

(ii) Contract balances

The following tables provides information about opening and closing contract assets and contract liabilities from contracts with customers. The company recognised the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balances at 1 April 2018.

£m	1 April 2018	Decreased due to transfer to receivables	Increased due to cash received	Revenue recognised in the period	31 March 2019
Contract liabilities	34.7	-	42.7	(34.7)	**42.7**
Contract assets	201.5	(201.5)	-	191.9	**191.9**

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on service contracts. The contract assets are transferred to receivables when they are billed.

The contract liabilities primarily relate to the advance consideration received from customers. The £34.7m recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 March 2019.

(iii) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

Revenue expected to be recognised in the future

Year Ended 31 March 2020 £m	1 April 2020 to 31 March 2024 £m	1 April 2024 and after £m
138.8	134.6	5.8

The group applies the practical expedient in IFRS 15 paragraph 121, and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Notes *(continued)*

(iv) Contract costs

The Group previously recognised commission fees payable related to service contracts as selling expenses when they were incurred. Under IFRS 15, the Group capitalises these commission fees as costs of obtaining a contract when they are incremental and it amortises them consistently with the pattern of revenue for the related contract. The group applies the practical expedient in IFRS 15 paragraph 94, if the expected amortisation period is one year or less, then the commission fee is expensed when incurred.

The Group has therefore capitalised these fees as contract costs under other receivables non-current £44.3m at 31 March 2019 (£47.1m at 1 April 2018). During the year, the amount of amortisation was £30.1m and the impairment loss recognised was £0.3m.

5 Finance income and expenses

	2019	2018
	£m	£m
Interest receivable and similar income		
Interest receivable on deposits	**1.3**	1.4
Amounts paid from Ricoh Group undertakings	**10.9**	6.3
Other interest receivable	**4.5**	3.8
	16.7	11.5
Interest payable and similar charges		
Bank loans and overdrafts	**(7.5)**	(4.4)
Amounts paid to Ricoh Group undertakings	**(1.0)**	(1.8)
Other interest paid	**(10.2)**	(8.5)
	(18.7)	(14.7)
Net finance expenses	**(2.0)**	(3.2)

6 Other finance income and expenses

	2019	2018
	£m	£m
Other finance income		
Income on plan assets	**11.0**	11.3
Other finance expenses		
Interest expense on pension scheme liabilities	**(14.5)**	(14.9)
Net other finance expenses	**(3.5)**	(3.6)

7 Profit / (Loss) for the year

The profit (loss) for the year have been arrived at after charging:

	2019	2018*
	£m	£m
Operating lease charges:		
Land and buildings	**42.5**	45.9
Plant and equipment	**26.6**	28.6
Depreciation of property, plant and equipment	**52.2**	56.3
Impairment of property, plant and equipment	**-**	35.4
Amortisation of intangible assets	**4.5**	9.5
Impairment of intangible assets	**0.9**	18.2
Impairment loss on trade and other receivables, contract assets and finance lease receivables	**9.0**	9.2
Gain on disposal of property, plant and equipment	**-**	(0.5)
Restructuring costs – included in administrative expenses	**8.4**	48.1
Exchange gain on foreign currency transactions	**(2.6)**	(1.9)
Audit fees payable for the Group's auditor	**2.5**	2.5

*In the comparative figures of 2018, an amount of £9.2m has been reclassified from provision for bad debts to impairment gain/ (loss) on trade and other receivables to align with the requirements of IFRS 9.

Notes *(continued)*

8 Staff numbers and costs

The average monthly number of full-time equivalent employees (including directors) was:

	Number of employees	
	2019	2018
Areas of employment		
Selling and distribution	**5,331**	5,430
Service	**7,742**	7,971
Administration	**2,451**	2,579
	15,524	15,980

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£m	£m
Wages and salaries	**624.0**	632.0
Social security costs	**127.9**	133.5
Pension costs - defined benefit (note 22)	**2.5**	4.1
- defined contribution (note 22)	**19.5**	21.0
	773.9	790.6

9 Directors' remuneration

	2019	2018
	£m	£m
Directors' emoluments	**1.1**	0.9

Highest paid director:		
Directors' emoluments	**0.6**	0.6

10 Taxation

Recognised in the income statement

	2019	2018
	£m	£m
United Kingdom corporation tax		
Corporation tax based on the profit/ (loss) for the year	**5.4**	(1.4)
Adjustments in respect of previous years	**0.9**	(2.8)
	6.3	(4.2)
Overseas tax		
Current year	**30.8**	26.4
Adjustments in respect of previous years	**5.9**	3.3
	36.7	29.7
Total current tax charge	**43.0**	25.5
Deferred tax (note 16)		
Origination and reversal of temporary differences	**8.2**	(14.3)
Change in tax rate	**0.1**	1.3
Adjustment in respect of previous years	**(6.5)**	(0.2)
Change in unrecognised deductible temporary difference	**0.2**	0.4
Total deferred tax charge / (credit)	**2.0**	(12.8)
Total income tax expense on profit or loss on ordinary activities	**45.0**	12.7

Income tax recognised in other comprehensive income

	2019	2018
	£m	£m
Deferred tax related to items charged or credited directly to equity during the year:		
Income tax (credited)/ debited directly to other comprehensive income	**(0.6)**	5.5

Notes *(continued)*

10 Taxation *(continued)*

Reconciliation of effective tax rate

	2019 £m	2018 £m
The current income tax expense for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below.		
Gain/ (loss) on ordinary activities before tax and dividend expense	**128.9**	(19.2)
Gain/ (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	**24.5**	(3.6)
Effects of:		
Expenses not deductible for tax purposes	**6.6**	12.7
Effect of tax rates in foreign jurisdictions	**13.3**	1.6
Adjustments to tax charge in respect of previous years	**0.3**	0.3
Effect of tax rate change on deferred tax balances	**0.1**	1.3
Change in unrecognised deductible temporary difference	**0.2**	0.4
Total income tax expense for the year (see above)	**45.0**	12.7

Factors affecting the future tax charge

The UK corporation tax rate reduction to 17% (effective 1 April 2020) has been enacted. This will impact the Company's future current tax charge accordingly. Deferred taxes have been measured using appropriate rates substantively enacted at the balance sheet date.

11 Property, plant and equipment

				Plant and equipment		
	Assets in the course of construction £m	Software £m	Buildings - Short leasehold £m	Held for use in operating leases £m	Other £m	Total £m
Cost or valuation						
At 1 April 2017	5.0	253.3	21.9	112.4	149.9	542.5
Exchange differences	0.1	8.4	0.2	2.2	3.4	14.3
Additions	15.8	8.1	3.2	29.7	18.0	74.8
Transfers	(12.3)	12.3	-	-	-	-
Disposals	-	(0.5)	(0.8)	(36.4)	(18.0)	(55.7)
At 31 March 2018	**8.6**	**281.6**	**24.5**	**107.9**	**153.3**	**575.9**
At 1 April 2018	8.6	281.6	24.5	107.9	153.3	575.9
Exchange differences	(0.1)	(5.1)	(0.3)	(2.3)	(2.7)	(10.5)
Additions	7.8	4.6	3.5	16.0	17.4	49.3
Transfers	(13.7)	13.7	-	-	-	-
Disposals	-	(2.9)	(3.1)	(27.3)	(13.4)	(46.7)
At 31 March 2019	**2.6**	**291.9**	**24.6**	**94.3**	**154.6**	**568.0**
Depreciation & Impairment						
At 1 April 2017	-	147.7	15.9	68.2	111.5	343.4
Exchange differences	-	4.8	0.2	1.3	2.5	8.8
Charge for the year	-	17.0	2.4	20.7	16.2	56.3
Disposals	-	(0.5)	(0.7)	(22.4)	(16.3)	(39.9)
Impairment		20.0	1.2	7.1	7.1	35.4
At 31 March 2018	**-**	**189.0**	**19.0**	**74.9**	**121.0**	**403.9**
At 1 April 2018	-	189.0	19.0	74.9	**121.0**	403.9
Exchange differences	-	(3.5)	(0.1)	(1.6)	**(2.1)**	(7.3)
Charge for the year	-	18.4	2.3	16.3	**15.2**	52.2
Disposals	-	(1.9)	(2.4)	(18.5)	**(10.1)**	(32.9)
At 31 March 2019	**-**	**202.0**	**18.8**	**71.1**	**124.0**	**415.9**
Net book value						
At 31 March 2019	**2.6**	**89.9**	**5.8**	**23.2**	**30.6**	**152.1**
At 31 March 2018	**8.6**	**92.6**	**5.5**	**33.0**	**32.3**	**172.0**

Other plant and equipment is comprised of Machinery & Equipment, Tools & Furniture and Vehicles.

Notes *(continued)*

12 Intangible assets

	Customer contracts £m	Goodwill £m	Total £m
Cost or valuation			
At 1 April 2017	85.3	310.9	396.2
Exchange differences	0.8	5.1	5.9
Additions	1.1	4.1	5.2
At 31 March 2018	**87.2**	**320.1**	**407.3**
At 1 April 2018	87.2	320.1	407.3
Exchange differences	(2.4)	(9.0)	(11.4)
Additions	0.5	0.3	0.8
At 31 March 2019	85.3	311.4	396.7
Amortisation and impairment			
At 1 April 2017	57.0	122.7	179.7
Exchange differences	0.6	3.6	4.2
Charge for the year	9.5	-	9.5
Impairment	7.9	10.3	18.2
At 31 March 2018	**75.0**	**136.6**	**211.6**
At 1 April 2018	75.0	136.6	211.6
Exchange differences	(2.0)	(3.5)	(5.5)
Charge for the year	4.5	-	4.5
Impairment	-	0.9	0.9
At 31 March 2019	77.5	134.0	211.5
Net book value			
At 31 March 2019	**7.8**	**177.4**	**185.2**
At 31 March 2018	**12.2**	**183.5**	**195.7**

Goodwill Impairment arose due to the annual impairment testing described below.

Annual Impairment testing methodology

For the purposes of impairment testing, goodwill and intangibles are allocated to the cash generating units ("CGUs") and tested for impairment annually. Goodwill is not amortised, instead the Group tests it annually for impairment with the recoverable amount being determined from value in use calculations.

From last financial year, the Group was restructured into three business lines (Office Printing, Office Services, and Commercial & Industrial Printing) to allow management to focus on the different trends and opportunities in these different markets. The Group has assessed these business lines are the CGUs for the purposes of impairment testing.

Key assumptions

The recoverable amount (value in use) is determined through the analysis of five year discounted cash flow forecasts using long term growth rates of -3.6% to 3% (2018: -5% to 5%) and a terminal value at the end of the five year period, based on financial forecasts approved by management, which takes account of both past performance and expected future market developments. Management has used a pre-tax discount rate of 8.6% (2018: 8.9%), equivalent to its weighted average cost of capital. This has been determined as reflecting current market assessments of the time value of money and risks specific to the industry and the Group.

Impairment loss

Applying this methodology, an impairment charge arose on the Office Services CGU, which is recognised in the following line items in the income statement:

	2019 £m	2018 £m
Other intangibles	-	2.1
Goodwill	**0.9**	10.3
Property, plant and equipment	-	35.4
Impairment to Office Services CGU	**0.9**	47.8

Notes *(continued)*

13 Trade and other receivables

	2019 £m	2018 £m
Amounts falling due within one year		
Trade receivables	**605.6**	624.8
Amounts owed by related parties	**19.5**	32.9
Loans owed by related parties	**601.3**	510.1
Prepayments	**50.1**	64.1
Contract assets	**191.9**	201.5
Other receivables	**44.5**	39.5
	1,512.9	1,472.9
Amounts falling due after more than one year		
Other receivables	**8.1**	10.2
Contract costs	**44.3**	-
Total other receivables	**52.4**	10.2

Trade receivables disclosed above are classified as amortised cost and are therefore measured at amortised cost. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Trade receivables are considered past due once they have passed their contracted due date. Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The group recognised contract assets £191.9m (2018: £201.5m) to align with the requirements of IFRS15

The ageing of trade receivables and provision for bad debt at 31 March 2018 and 2019 was as follows:

Trade receivables	**2019 £m Gross**	**2019 £m Provision**	**2019 £m Net**
Neither past due nor impaired	**453.7**	**(1.0)**	**452.7**
Less than 91 days overdue	**139.4**	**(1.8)**	**137.6**
91-180 days overdue	**11.1**	**(1.8)**	**9.3**
More than 180 days overdue	**23.1**	**(17.1)**	**6.0**
	627.3	**(21.7)**	**605.6**

Trade receivables	2018 £m Gross	2018 £m Provision	2018 £m Net
Neither past due nor impaired	461.2	-	461.2
Less than 91 days overdue	147.9	(1.7)	146.2
91-180 days overdue	13.3	(1.8)	11.5
More than 180 days overdue	30.0	(24.1)	5.9
	652.4	(27.6)	624.8

There are no indications as at 31 March 2019 that trade receivables will not meet their payment obligations in respect of the amount of trade receivables recognised in the balance sheet that are neither past due nor impaired.

Notes *(continued)*

14 Finance lease receivables

	Minimum lease payments	
	2019	2018
	£m	£m
Amounts receivable under finance leases		
Within one year	**341.3**	335.8
In the second to fifth years inclusive	**587.4**	592.1
After five years	**1.4**	0.7
	930.1	928.6
Less: unearned finance income	**(84.5)**	(85.9)
Present value of minimum lease payments receivable	**845.6**	842.7

	Present value of minimum lease payments	
	2019	2018
	£m	£m
Amounts receivable under finance leases		
Within one year	**300.0**	294.5
In the second to fifth years inclusive	**544.2**	547.5
After five years	**1.4**	0.7
Present value of minimum lease payments receivable	**845.6**	842.7

	2019	2018
	£m	£m
Analysed as:		
Non-current finance lease receivables	**545.6**	548.2
Current finance lease receivables	**300.0**	294.5

Notes *(continued)*

15 Investments

	2019 £m	2018 £m
Cost		
At end of prior year	139.5	134.4
Exchange difference	(2.9)	4.9
At 31 March	**136.6**	139.5
Impairment		
At end of prior year	(137.2)	(107.3)
Exchange difference	(2.8)	(3.8)
Impairment loss in Ricoh India Limited	-	(26.1)
At 31 March	**(134.4)**	(137.2)
Net Book Value		
	2.2	2.3

Company

The subsidiary undertakings and other holdings of Ricoh Europe Holdings PLC at 31 March 2019 are as follows

Entity	Address	Principal Activity	Ord. shares held %
Ricoh Austria GmbH	Schillingstraße 6, Vienna A-1220, Austria	*	100%
Ricoh Capital Austria GmbH	Schillingstraße 6, Vienna A-1220, Austria	Leasing	100%
Ricoh Belgium N.V.	Medialaan 28 A, 1800 Vilvoorde, Belgium	*	100%
Ricoh Capital Belgium N.V.	Medialaan 28 A, 1800 Vilvoorde, Belgium	Leasing	100%
Upfront SPRL	Rue de la Technique, 151400 Nivelles, Belgium	*	100%
Ricoh Czech Republic s.r.o.	Jihlavska 1558/2114000 Praha 4, Czech Republic	*	100%
Ricoh Danmark A/S	Delta Park 37, 2665 Vallensbaek Strand, Denmark	*	100%
Ricoh Capital Danmark A/S**	Delta Park 37, 2665 Vallensbaek Strand, Denmark	Leasing	100%
Ricoh UK Limited	800 Pavilion Drive, Northampton, NN4 7YL, UK	*	100%
Ridgian Limited	800 Pavilion Drive, Northampton, NN4 7YL, UK	*	100%
Ricoh Europe ASP Limited	20 Triton Street, London NW1 3BF, UK	Service	100%
Ricoh Europe Finance Limited	20 Triton Street, London NW1 3BF, UK	Treasury	100%
Ricoh Europe PLC	20 Triton Street, London NW1 3BF, UK	Service	100%
Ricoh Capital Limited	20 Triton Street, London NW1 3BF, UK	Leasing	100%
Ricoh Finland OY	Niittytaival 1302200 Espoo, Finland	*	100%
Ricoh Capital Finland OY	Niittytaival 1302200 Espoo, Finland	Leasing	100%
Ricoh France SAS	7/9 Avenue Robert Schuman, Parc Icade, 94150 Rungis, France	*	100%
Rex Rotary SAS**	3 rue Jesse Owens, 93631 Saint Denis La Plaine, France	*	100%
Ricoh Deutschland GmbH **	Vahrenwalder Str 315, 30179 Hannover, Germany	*	100%
Ricoh Capital Deutschland GmbH **	Vahrenwalder Str 315, 30179 Hannover, Germany	Leasing	100%
Ricoh Hungary Kft.	040 Budaörs, Puskás Tivadar út 14, Hungary	*	100%
Ricoh Capital Hungary Kft.	040 Budaörs, Puskás Tivadar út 14, Hungary	Leasing	100%
Ricoh Ireland Limited	1st Floor Unit 160 - Airside Business Park , Swords, Dublin	*	100%
Ricoh Capital Ireland Limited	1st Floor Unit 160 - Airside Business Park , Swords, Dublin	Leasing	100%
Ricoh Italia Srl	Via Vittor Pisani 6, 20124 Milano, Italy	*	100%
Ricoh Capital Italia Srl	Via Vittor Pisani 6, 20124 Milano, Italy	Leasing	100%
NPO Sistemi Srl**,***	Via Vittor Pisani 6, 20124 Milano, Italy	*	100%
New Office Automation Srl**	Viale Giovanni Suzzani 289, Milano 20162, Italy	*	20%

Notes *(continued)*

15 Investments *(continued)*

NPO Torino Srl**,***	Via Issiglio 90, Torino, 01141, Italy	*	65%
NPO Sistemas de Inofmativa do Brasil Ltda**	Rua Rio Grande Do Sul 661, Belo Horizone, Minas Gerais 30170-110, Brazil	*	33.8%
NPO USA Inc	c/o Ivan Gittardi CPA LLC – 234 W 39th Street – New York, NY - 10018 USA	*	65%
Ricoh Luxembourg PSF Sarl	Rue du Puits Romain, nr 37,L-8070 Bertrange, LU	*	100%
Ricoh Europe Holdings BV	Prof. W. H. Keesomlaan,Amstelveen, 1183 DJ, NL	Holding	100%
Ricoh Europe SCM BV **	Blankenweg 24,4612 RC, Bergen op Zoom, NL	*	100%
Ricoh International BV **	Prof. W. H. Keesomlaan,Amstelveen, 1183 DJ, NL	*	100%
Ricoh Nederland BV **	Magistratenlaan 2, 5223 MD 's-Hertogenbosch, NL	*	100%
Ricoh Capital Nederland BV **	Magistratenlaan 2, 5223 MD 's-Hertogenbosch, NL	Leasing	100%
Ricoh Norge AS	Gjerdrums vel 11, Nydalen Park, 0484 Oslo, Norway	*	100%
Dalheim Kontormasknera AS**	Gamle Forusveien 25, 4031 Stavanger, Norway	*	27.7%
Ricoh Capital Norway AS	Gjerdrums vel 11, Nydalen Park, 0484 Oslo, Norway	Leasing	100%
Ricoh Polska Sp. z.o.o.	ul Zwirki i Wigury18A,02-092 Warsaw, Poland	*	100%
Ricoh Capital Polska Sp. z.o.o.	ul Zwirki i Wigury18A,02-092 Warsaw, Poland	Leasing	100%
Ricoh Rus LLC*** &	Kozhevnicheskaya Street, House 14, Building 5,	*	100%
Ricoh Rus SCM LLC***	Moscow 115114, Russia Federation	*	100%
Ricoh Portugal Unipessoal Lda &	Via Eng° Edgar Cardoso, n° 23 - 1°,4400-676 Vila	*	100%
Ricoh Lease Portugal Unipessoal Lda	Nova de Gaia, Portugal	Leasing	100%
Ricoh Slovakia s.r.o.	Vajnorska 100, Bratislava 831 04, Slovakia	*	100%
Ricoh South Africa (Pty) Limited	28 Milkyway Avenue, Linbro Business Park, Johannesburg, SA	*, ****	69.9%
Ricoh Capital South Africa (Pty) Ltd	28 Milkyway Avenue, Linbro Business Park, Johannesburg, SA	Leasing	100%
Ricoh South Africa Holdings Pty Ltd	28 Milkyway Avenue, Linbro Business Park, Johannesburg, SA	****	92%
Ricoh South Africa Calico Holdings Pty Limited	28 Milkyway Avenue, Linbro Business Park, Johannesburg, SA	****	46.9%
Ricoh Espana S.L.U. &	Avenue Cantabria 2, 28108 Alcobendas, Madrid Spain	*	100%
Ricoh Spain IT Services S.L.U.**&	Avenue Cantabria 2, 28108 Alcobendas, Madrid Spain	*	100%
Ricoh Capital Spain S.L.U.	Avenue Cantabria 2, 28108 Alcobendas, Madrid Spain	Leasing	100%
Ricoh Sverige Holding AB	Röntgenvägen 3, 171 29 SOLNA, Sweden	Holding	100%
Ricoh Sverige AB **	Röntgenvägen 3, 171 29 SOLNA, Sweden	*	100%
Ricoh Capital Sverige AB	Röntgenvägen 3, 171 29 SOLNA, Sweden	Leasing	100%
Ricoh Schweiz AG	Hertistrasse 2, CH-8304 Wallisellen, Switzerland	*	100%
Ricoh Turkey Baski Cozumleri Limited Sirketi	Ortaklar Cad. Bahceler Sok No 20, Mecidiyekoy Istanbul, Turkey	*	100%
Ricoh Middle East FZE	Dubai Airport Freezone,West Wing Bldg-5, B-Block, Office G43 (5W B - G43), Dubai, UAE	*	100%
Ricoh Pensions Trustee Limited	20 Triton Street, London NW1 3BF, UK	Dormant	100%
Infoprint Solutions France SAS,***	7/9 Avenue Robert Schuman, Parc Icade, 94150 Rungis, France	*	100%
EBM Group PLC	20 Triton Street, London NW1 3BF, UK	Dormant	100%
Ikon Pension Trustee Limited	20 Triton Street, London NW1 3BF, UK	Dormant	100%
NRG Credit Limited	20 Triton Street, London NW1 3BF, UK	Dormant	100%
NRG Group Pensions Limited	20 Triton Street, London NW1 3BF, UK	Dormant	100%
NRG Investments Limited	20 Triton Street, London NW1 3BF, UK	Dormant	100%
NRG Manufacturing Limited	20 Triton Street, London NW1 3BF, UK	Dormant	100%
Quest Group PLC	20 Triton Street, London NW1 3BF, UK	Dormant	100%
NRG Group Limited	20 Triton Street, London NW1 3BF, UK	Holding	100%
Ricoh India Limited**	Unit no. 1132, 3rd Floor, Building No. 11, Solitaire Corporate Park, Andheri Ghatkopar Link Road, Chakala, Andheri East, Mumbai-400 093	*	27.6%
Techno Trends SL	Avenue Cantabria 2, 28108 Alcobendas, Madrid Spain	*	100%
Esprime Srl	Via Mangili Cesare 6 20121 Milan Italy	*	16%
Women Ahead Ltd	Ricoh House, 800 Pavilion Drive, Northampton, NN4 7YL, UK	Consulting	100%
Moving Ahead Ltd	Ricoh House, 800 Pavilion Drive, Northampton, NN4 7YL, UK	Consulting	100%

Notes *(continued)*

15 Investments *(continued)*

* The principal activity of these subsidiary undertakings is the sale and distribution of document processing technology, the provision of service and supplies in relation to these products and facilities management.

** Indirect holding

*** Non-coterminous year end of 31 December however this entity reported as at 31 March for consolidation purposes.

**** The minority shareholding is owned by Broad-Based Black Economic Empowerment charities. All entities are considered subsidiaries for consolidation purposes, as the Group is the principal shareholder.

Ricoh India Limited
The Group holds a 27.6% investment stake in Ricoh India Limited. This investment is not treated as an associate because the Group does not have the power to participate in key management decisions.

NPO Sistemas de Inofmativa do Brasil Ltda
The Group holds a 33.8% investment stake in NPO Sistemas de Inofmativa do Brasil Ltda. This entity is fully consolidated in the Group's results as the numbers are considered immaterial to the Group.

NPO USA Inc
The Group holds a 65% investment stake in NPO USA Inc. This entity is fully consolidated in the Group's results.

Dalheim Kontormasknera AS
The Group owns a 27.7% investment stake in Dalhaim Kontormasknera. This investment is not treated as an associate because the Group does not have the power to participate in key management decisions.

New Office Automation Srl
The Group holds a 20% investment stake in New Office Automation Srl. This investment is not treated as an associate because the Group does not have the power to participate in key management decisions.

Group guarantee audit exemption

Two subsidiaries (Women Ahead Ltd and Moving Ahead Ltd) are taking the exemption under companies act 2006 section 479A relating to the audit of individual accounts.

Notes *(continued)*

16 Deferred tax assets and liabilities

Deferred tax

	2019 Asset £m	**2019 Liability £m**	2018 Asset £m	2018 Liability £m	**2019 £m**	2018 £m
Accelerated depreciation for tax purposes	**(27.7)**	**12.2**	(18.1)	7.5	**(15.5)**	(10.6)
Short term timing differences	**(23.4)**	**17.5**	(28.6)	6.1	**(5.9)**	(22.5)
Tax losses carried forward	**(1.8)**	**-**	(3.5)	-	**(1.8)**	(3.5)
Tax receivable if pension deficit settled	**(33.4)**	**-**	(30.3)	-	**(33.4)**	(30.3)
Deferred tax (asset) / liability	**(86.3)**	**29.7**	(80.5)	13.6	**(56.6)**	(66.9)

Reconciliation of movements in deferred tax

	March 2018 £m	Restated March 2018 £m	**Recognised in profit and loss £m**	**Recognised in other comprehensive income £m**	**March 2019 £m**
Accelerated depreciation for tax purposes	(10.6)	(10.6)	(4.7)	(0.2)	**(15.5)**
Short term timing differences	(22.5)	(9.6)	2.0	1.7	**(5.9)**
Tax losses carried forward	(3.5)	(3.5)	1.2	0.5	**(1.8)**
Tax receivable if pension deficit settled	(30.3)	(30.3)	(0.5)	(2.6)	**(33.4)**
Deferred tax asset	(66.9)	(54.0)	(2.0)	(0.6)	**(56.6)**

At 31 March 2019, in addition to the deferred tax assets recognised above, the Group had gross timing differences on which no deferred tax was recognised of £16.2m related to tax losses (2018: £18.5m). No deferred tax assets have been recognised in respect of these gross timing differences in the financial statements since, in the opinion of the Directors, there is insufficient evidence that the assets will be recoverable. The Group has neither taxable temporary differences nor any tax planning opportunities available that could support recognition of the deferred tax on these losses.

17 Inventories

	2019 £m	2018 £m
Finished products	**274.4**	253.5

The inventory balances are net of provision for stock obsolescence £11.3m (2018: £12.8m)

18 Cash and cash equivalents / bank overdrafts

	2019 £m	2018 £m
Bank balances	**37.7**	32.1
Call deposits	**5.7**	3.5
Cash and cash equivalents	**43.4**	35.6
Pool balances and bank overdraft (note 19)	**(74.5)**	(63.3)
Cash and cash equivalents in the Cash Flow Statement	**(31.1)**	(27.7)

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Pool balances are disclosed net as the Group has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. These balances arise where the Group is pooling cash across the wider global Ricoh Group. The balances are offset by loans with the ultimate parent company and therefore there is no overall impact on net assets.

The amount of recognised financial assets (gross) was £149.2m and the amount of recognised financial liabilities (gross) was £223.7m resulting in a net pool overdraft balances position of £74.5m as at 31 March 2019 (2018: financial assets of £148.7m (gross) and financial liabilities of £212.0m (gross), resulting in net pool overdraft balances position of £63.3m).

Notes *(continued)*

19 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to foreign currency risk, see note 24.

	2019 £m	2018 £m
Current liabilities		
Bank overdraft	**0.3**	0.5
Pool balances	**74.2**	62.8
Loans payable to related parties	**566.8**	553.9
Obligations under finance leases	**1.5**	0.8
Customer lease financing (secured)	**-**	0.5
	642.8	618.5
Non-current liabilities		
Customer lease financing (secured)	**4.8**	2.9
	4.8	2.9

	2019 £m	2018 £m
Customer lease financing (secured)		
Within one year	**-**	0.5
In the second to fifth years inclusive	**4.8**	2.9
After five years	**-**	-
	4.8	3.4

20 Trade and other payables

	2019 £m	2018 £m
Current		
Trade payables	**71.5**	80.9
Trade payables due to related parties	**134.5**	140.2
Corporation taxation, other taxation and social security	**89.5**	91.6
Contract liabilities	**42.7**	34.7
Accrued expenses	**173.5**	171.8
Other trade payables	**44.1**	35.2
	555.8	554.4
Non-current		
Accrued expenses	**0.6**	1.4
Other trade payables	**12.3**	9.8
	12.9	11.2

The group recognised contract liabilities £42.7m (2018: £34.7m) to align with the requirements of IFRS15.

21 Provisions

	Commercial provisions £m	Employee related provisions £m	Rationalisation and other provisions £m	Total £m
Balance at 1 April 2017	10.7	49.5	29.6	89.8
Utilised during the year	(4.5)	(6.9)	(30.9)	(42.3)
Profit and loss charge	5.5	2.4	41.3	49.2
Exchange and other movements	1.1	(6.1)	1.0	(4.0)
Balance at 31 March 2018	**12.8**	**38.9**	**41.0**	**92.7**
Balance at 1 April 2018	12.8	38.9	41.0	92.7
Utilised during the year	(1.7)	(13.4)	(20.5)	(35.6)
Profit and loss charge	1.1	3.8	9.0	13.9
Exchange and other movements	(0.3)	6.3	(0.7)	5.3
Balance at 31 March 2019	**11.9**	**35.6**	**28.8**	**76.3**
Non-current	0.1	3.6	0.1	**3.8**
Current	11.8	32.0	28.7	**72.5**

Notes *(continued)*

21 Provision *(continued)*

Provision categories are analysed as follows:
- A number of claims are made against the Group from time to time including commercial disputes. Notwithstanding the intention of the directors to defend vigorously such claims, a provision may be made in respect of these claims and associated costs where the directors believe it is probable that it will result in an outflow of resources. An assessment is made on case by case basis taking into account past experience relating to claims arising from similar events. These are disclosed as commercial provisions.

- Employee related provisions relate to holiday & leave, long service awards and other post-retirement benefits.
- Rationalisation and other provisions relate to a provision for restructuring costs and other sundry provisions, e.g. onerous lease contracts. These provisions are expected to be utilised within a year.

22 Employee benefits

Pension plans

The Group operates various pension schemes in respect of employees in the United Kingdom and overseas, including a number of defined benefit schemes based on final salary. The assets of the major schemes are held in separate trustee administered funds. Some of the defined benefit schemes operated by the Group, including in particular the main scheme in the UK, are closed to new entrants and to future benefit accrual.

The Group has various pension plans, which are geared to the local regulations and practices in the countries in which they operate. As these plans are designed to comply with the statutory framework, tax legislation, local customs and economic situation of the countries concerned, it follows that the nature of the plans varies from country to country. The plans are based on local legal and contractual obligations.

The Group also operates two unfunded post-retirement medical benefit schemes and the related present value of net liabilities was £1.0m (2018: £0.4m) and is included in the disclosures below.

The results of full actuarial valuations of the UK plans as at April 2016 were updated by an independent qualified actuary. Full valuation was carried out for all schemes in France, Belgium, Luxembourg, Austria and Italy at 31 March 2019.. The most recent actuarial valuations for the majority of the arrangements operating in Germany were carried out as at 31 March 2018. The majority of the Germany schemes are unfunded and thus the Group pays benefits as they fall due.

The employer contributions agreed with the trustees following a full actuarial valuation in 2016 in relation to the UK defined benefit plans that from 1 April 2018 to 30 September 2024 the contribution will amount to £7.0m per annum. The contributions for the UK, Germany and the Netherlands arrangements were £6.8m, £2.8m and nil respectively (2018: £5.2m, £2.9m and £0.1m respectively). The defined benefit obligation for the UK, Germany and the Netherlands were £399.7m, £116.2m and £43.0m respectively (2018: £396.9m, £109.7m and £41.4m).

The Company (or the Parent) is recognised as the principal employer for the UK defined benefit schemes and therefore it recognises the pension liabilities for the schemes in its balance sheet.

The net pension liability recognised:	*Consolidated Balance Sheet*		*Parent Balance Sheet*	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Present value of funded defined benefit obligations	**588.7**	581.0	**399.3**	396.5
Present value of unfunded defined benefit obligations	**34.6**	33.2	**1.3**	0.7
Fair value of plan assets	**(454.8)**	(453.7)	**(332.5)**	(332.2)
Effect of asset ceiling/ onerous liability	**0.2**	0.3	**-**	-
Recognised liability for defined benefit obligations	**168.7**	160.8	**68.1**	65.0

Notes *(continued)*

22 Employee benefits *(continued)*

Movements in present value of defined benefit obligation:	*Consolidated Balance Sheet*		*Parent Balance Sheet*	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Value of defined benefit obligation at end of prior year	**614.1**	636.4	**397.2**	418.0
Service cost				
a. Current service cost	**3.7**	3.9	**-**	-
b. Past service cost	**(1.2)**	-	**1.5**	-
Interest expense	**14.5**	14.9	**10.2**	10.7
Cash flows				
a. Benefit payments from plan	**(25.2)**	(25.4)	**(21.6)**	(22.4)
b. Benefit payments from employer	**(3.1)**	(3.0)	**(0.1)**	(0.1)
c. Participant contributions	**-**	0.1	**-**	-
d. Insurance premiums for risk benefits	**(0.2)**	(0.2)	**-**	-
e. Increase due to business combination	**-**	11.2	**-**	-
Other significant events – acquisition of plans	**-**	-	**-**	-
Remeasurements				
a. Effect of changes in demographic assumptions	**(1.9)**	(7.7)	**(2.9)**	(7.7)
b. Effect of changes in financial assumptions	**30.0**	(16.5)	**16.0**	(5.2)
c. Effect of experience adjustments	**(2.9)**	(6.9)	**0.2**	4.0
Effect of changes in foreign exchange rates	**(4.5)**	7.4	**0.1**	(0.1)
At 31 March	**623.3**	614.2	**400.6**	397.2

Notes *(continued)*

22 Employee benefits *(continued)*

Pension plans *(continued)*

Movements in fair value of plan assets	*Consolidated Balance Sheet*		*Company Balance Sheet*	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Fair value of plan assets at end of prior year	**453.7**	466.7	**332.2**	345.7
Interest income	**11.0**	11.3	**8.5**	8.9
Cash flows				
a. Total employer contributions				
(i) Employer contributions	**9.2**	7.8	**6.8**	5.2
(ii) Employer direct benefit payments	**3.1**	3.0	**0.1**	0.1
b. Participant contributions	**-**	0.1	**-**	-
c. Benefit payments from plan	**(25.2)**	(25.4)	**(21.6)**	(22.4)
d. Benefit payments from employer	**(3.1)**	(3.0)	**(0.1)**	(0.1)
e. Settlement payments from plan assets	**-**	-	**-**	-
f. Administrative expenses paid from plan assets	**(0.3)**	(0.3)	**-**	-
g. Insurance premiums for risk benefits	**(0.2)**	(0.2)	**-**	-
Other significant event				
a. Increase due to business combination	**-**	3.6	**-**	-
Remeasurements				
a. Return on plan assets (excluding interest income)	**9.0**	(14.3)	**6.6**	(5.2)
Effect of changes in foreign exchange rates	**(2.4)**	4.4	**-**	-
At 31 March	**454.8**	453.7	**332.5**	332.2

The expense recognised in the income statement:	*Consolidated*		*Company*	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Service cost				
a. Current service cost	**3.7**	3.9	**-**	-
b. Past service cost	**(1.2)**	0.2	**1.5**	-
Total service cost	**2.5**	4.1	**1.5**	-
Net interest cost				
a. Interest expense on DBO	**14.5**	14.9	**10.1**	10.7
b. Interest income on plan assets	**(11.0)**	(11.3)	**(8.5)**	(8.9)
Total net interest cost	**3.5**	3.6	**1.6**	1.8
Administrative expenses and taxes	**1.5**	1.5	**-**	-
Defined benefit cost in income statement	**7.5**	9.2	**3.1**	1.8

The expense is recognised in the following P&L line items:	*Consolidated*		*Company*	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Administrative expenses	**4.0**	5.6	**1.5**	-
Finance income	**(11.0)**	(11.3)	**(8.5)**	(8.9)
Finance expense	**14.5**	14.9	**10.1**	10.7
	7.5	9.2	**3.1**	1.8

The actuarial (gain)/ loss recognised in OCI:	*Consolidated Balance Sheet*		*Company Balance Sheet*	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
a. Effect of changes in demographic assumptions	**(1.9)**	(7.7)	**(2.9)**	(7.7)
b. Effect of changes in financial assumptions	**29.9**	(16.5)	**16.0**	(5.2)
c. Effect of experience adjustments	**(2.9)**	(6.9)	**0.2**	4.0
d. Loss /(return) on plan assets (excluding interest income)	**(8.9)**	14.3	**(6.6)**	5.2
e. Changes in asset ceiling (excluding interest income)	**(0.1)**	0.1	**-**	-
Recognised in the year	**16.1**	(16.7)	**6.7**	(3.7)

Notes *(continued)*

22 Employee benefits *(continued)*

Pension plans *(continued)*

The fair value of the plan assets was as follows:	*Consolidated Balance Sheet*		*Company Balance Sheet*	
	2019 Fair value £m	2018 Fair value £m	**2019 Fair value £m**	2018 Fair value £m
Equities - Total	**7.1**	7.2	-	-
Quoted	*7.1*	*7.2*	-	-
Unquoted	-	-	-	-
Corporate bonds - Total	**296.3**	292.7	**284.6**	281.0
Quoted	*296.3*	*293.0*	*284.6*	*281.0*
Unquoted	-	*(0.3)*	-	-
Insurance contracts - Total	**106.5**	110.2	**47.1**	50.6
Quoted	2.3	-	-	-
Unquoted	*104.2*	*110.2*	*47.1*	*50.6*
Property - Total	**1.0**	1.0	-	-
Quoted	*0.6*	*0.9*	-	-
Unquoted	*0.4*	*0.1*	-	-
Cash and cash equivalents - Total	**1.1**	1.0	**0.8**	0.6
Quoted	*1.1*	*1.0*	*0.8*	*0.6*
Unquoted	-	-	-	-
Other - Total	**42.8**	41.6	-	-
Quoted	-	-	-	-
Unquoted	*42.8*	*41.6*	-	-
	454.8	453.7	**332.5**	332.2

In the case of the funded plans, the Group ensures that the investment positions are managed to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2019 consists of bonds and insurance contracts. The plans are not individually exposed to significant foreign currency risk.

The plan assets include no assets from the Group's own financial instruments, or property occupied by, or other assets used by the Group.

Principal actuarial assumptions (expressed as weighted averages unless otherwise indicated) at the year end were as follows:

	2019 %	2018 %
Discount rate	**2.10**	2.41
Expected rate of return on plan assets	**2.10**	2.41
Inflation assumptions (range for defined benefit schemes)	**1.7-3.3**	1.3-3.1
Future salary increases (range for defined benefit schemes)	**1.7-2.2**	1.7-2.7

The weighted average duration of the defined benefit obligation is 15.1 years (2018: 15.8 years).

In valuing the liabilities of the pension fund at 31 March 2019, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 March 2019 would have increased by £17.3m before deferred tax.

The range of 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: 17.3-25.1 years (male), 21.2-28.6 years (female).
- Future retiree upon reaching 65: 21.2-28.5 years (male), 24.4-32.3 years (female).

Notes *(continued)*

22 Employee benefits *(continued)*

Pension plans *(continued)*

The sensitivity analysis of reasonably possible changes to the discount rate or inflation rate at 31 March:

	Impact to defined benefit obligation	
	2019	2018
	£m	£m
Increase / (decrease) to defined benefit obligation from:		
Decrease discount rate by 25 basis points	22.5	23.4
Increase discount rate by 25 basis points	(24.3)	(24.7)
Decrease inflation rate by 25 basis points	(12.3)	(12.7)
Increase inflation rate by 25 basis points	10.0	10.5

The effects on each plan of a change in an assumption are weighed proportionally to the total plan obligations to determine the total impact for each assumption presented. Changes to the discount rate and inflation rate would in turn be expected to impact the Group's future service costs, interest costs and cash flows.

The Group expects to contribute approximately £12.6m to its defined benefit plans in the next financial year.

Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £19.5m (2018: £21.0m).

23 Share capital and reserves

	2019	2018
	£m	£m
Allotted, called up and fully paid		
1,962,502 (2017:1,962,502) Ordinary shares of £1 each	**2.0**	2.0
Share premium	**559.5**	559.5
Merger reserve	**54.9**	53.9

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The merger reserve arose from for group reorganisation in 2007. The movement in the year from £53.9m to £54.9m related to foreign exchange movement.

24 Financial instruments

Categories of financial instruments

	2019	2018
	£m	£m
Financial assets measured at amortised cost		
Cash and cash equivalents	**43.4**	35.6
Trade and other receivables*	**1,325.0**	1,216.9
Finance lease receivables	**845.6**	842.7
Total financial assets	**2,214.0**	2,095.2
Financial liabilities measured at amortised cost		
Loans and borrowings	**642.8**	621.4
Trade and other payables**	**352.0**	357.7
Total financial liabilities	**994.8**	979.1
Total financial instruments	**1,219.2**	1,116.1

*Trade and other receivables are excluding prepayments and contract assets.
**Trade and other payables are excluding accrued expenses and contract liabilities.

Management considers that the book value of financial assets and liabilities recorded at amortised cost and their fair value are approximately equal.

Notes *(continued)*

24 Financial instruments *(continued)*

All financial instruments use Level 2 valuation technique to determine fair value: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.
There are no significant concentrations of credit risk within the Group. The Group is exposed to a small amount of credit risk that is primarily attributable to trade receivables, lease receivables and cash balances. The Group's objective is to minimise this risk by carrying out credit checks where appropriate. The amount of trade and other receivables included in the balance sheet are net of a provision for bad debts. The group has applied simplified approach to measuring he expected impairment loss on its trade receivables, contract assets and finance lease receivables. At inception of each of those receivables, the group has calculated an expected lifetime credit loss percentage based on historical loss rate, adjusted for market conditions. The provision for bad debt has been determined by management following a review of individual receivable accounts the value of the remaining overdue receivables and the total value of receivables not overdue. This judgement is based on prior experience and known factors at the reporting date. Receivables are written off against the provision for bad debt when management considers that the debt is no longer recoverable. Similarly, there is an allowance for finance lease receivables, based on trade receivables outstanding and a rating individual to each customer group, which are showed net on the balance sheet. The maximum amount of exposure to credit risk is the carrying value of receivables.

Market risk
Market risk is the risk that changes in market prices, such as foreign currency exchange rates, will affect the Group's income or the value of its holdings in financial instruments. The Group publishes its results in Sterling but has a number of overseas businesses operating principally in Euros.

At 31 March 2019, if the Euro had weakened / strengthened by 5% against Sterling with all other variables held constant, loss after tax for the year would have been £4.0m lower / £4.0m higher (2018: £1.5m lower / £1.7m higher). Net assets would have been £79.2m lower / £87.5m higher (2018: £76.7m lower / £84.8m higher).

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Capital risk management
The Group's objectives when managing capital are to safeguard its ability to continue as going concern and to maintain an optimal target capital structure to reduce the cost of capital. The Group finances its operations through retained earnings and the management of working capital and has sufficient capital for its needs.

25 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019	2018
	£m	£m
Less than one year	**41.6**	51.5
Between one and five years	**92.7**	108.1
More than five years	**8.4**	2.8
	142.7	162.4

Operating lease payables arise from contracts for the land and buildings and equipment leased from third parties. During the year £69.1m was recognised as an expense in the income statement in respect of operating leases (2018: £74.5m). The disclosed expense also includes payments for non-lease elements in the arrangements.

Notes *(continued)*

26 Contingent Liabilities

The Group has an open matter in relation to the French company added-value contribution tax (CVAE) where the French tax authorities are pursuing tax adjustments. The total value under investigation is £3.7m covering tax years 2007 to 2009, where Ricoh has recently been unsuccessful in the Appeals Court. This decision will be appealed by the Group with a final decision expected before the end of the 2020.

27 Non-controlling interest

The balance relates to the NPO Sistemi Srl non-controlling interest. The movement of £0.9m in the current year is due to the accumulation of non-controlling interest profit in NPO Sistemi Srl in Italy resulting in a final balance of £36.2m.

28 Related parties

Transactions with key management personnel
The remuneration of the key management personnel is the same as of the directors of the Group and is set out in note 9. There were no other payments or receipts from key management personnel during the year.

Trading transactions
Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions. During the period, Group companies transacted with related parties below who are not members of the Group:

Notes *(continued)*

28 Related parties *(continued)*

	2019 £m	2018 £m
Purchases from		
Ricoh Company, Ltd.	**765.2**	776.5
Ricoh UK Products Limited	**325.1**	319.0
Ricoh Industrie France S.A.S.	**38.1**	57.1
Ricoh Components & Products (Shenzhen) Co. Ltd.	**5.0**	9.9
Other related parties	**12.0**	14.2
	1,145.4	1,176.7
Sales to		
Ricoh Company, Ltd.	**-**	-
Ricoh UK Products Limited	**-**	0.4
Ricoh Industrie France S.A.S.	**-**	0.2
Ricoh Americas Corp.	**-**	-
Ricoh Asia Industry Ltd	**-**	-
	-	0.6
Administrative expenses incurred from		
Ricoh Company, Ltd.	**9.0**	17.8
Ricoh UK Products Limited	**4.9**	4.1
Other related parties	**0.4**	-
	14.3	21.9
Interest income (expenses) incurred from:		
Ricoh Company, Ltd.	**9.8**	(5.0)
	9.8	(5.0)
Receivables outstanding		
Ricoh Company, Ltd.	**18.9**	31.2
Other related parties	**0.6**	1.7
	19.5	32.9
Loans receivable outstanding		
Ricoh Company, Ltd.	**422.2**	392.0
Ricoh Australia Pty Ltd	**70.7**	68.6
Ricoh New Zealand Ltd	**26.1**	21.2
Ricoh Americas Corp	**-**	12.0
Ricoh Latin America	**62.9**	-
Other related parties	**19.4**	16.3
	601.3	510.1
Payables outstanding		
Ricoh Company, Ltd.	**82.5**	88.6
Ricoh UK Products Limited	**46.9**	41.4
Ricoh Industrie France S.A.S.	**2.1**	7.4
Other related parties	**3.0**	2.8
	134.5	140.2
Loans payable outstanding		
Ricoh Company, Ltd.	**318.9**	325.6
Ricoh Industrie France S.A.S.	**37.9**	58.0
Ricoh Asia Industry Ltd	**62.9**	82.7
Ricoh Asia Pacific Pte. Ltd.	**28.4**	23.6
Ricoh Asia Pacific Operations Ltd.	**59.8**	34.3
Ricoh Hong Kong. Ltd	**31.9**	22.1
Ricoh UK Products Limited	**27.0**	7.6
	566.8	553.9

Notes *(continued)*

29 Changes in significant accounting policies

A. IFRS 15 Revenue from contracts with customers

The Group has applied IFRS 15 using the retrospective with cumulative effect method- i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 April 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. The details of the significant changes and quantitative impact of the changes are set out below.

Impact on the balance sheet:

31 Mar 2019 £m	Note	As reported	Adjustments	Balances without adoption of IFRS15
Balance Sheet				
Assets				
Other receivables	13	98.3	44.3	54.0
Total assets		**98.3**	**44.3**	**54.0**
Liabilities				
Deferred tax liabilities	16	56.6	12.1	44.5
Total liabilities		**56.6**	**12.1**	**44.5**
Equity				
Retained earnings		1,010.9	32.2	978.7
Total equity		**1,010.9**	**32.2**	**978.7**
Total equity and liabilities		**1,067.5**	**44.3**	**1,023.2**

Impact on the statement of profit or loss and other comprehensive income:

31 March 2019 £m	As reported	Adjustments	Amounts without adoption of IFRS15
Selling and distribution expenses	1,078.5	2.8	1,075.7
Income tax	45.0	(0.8)	45.8
Profit for the period	**83.9**	**2.0**	**85.9**
Total comprehensive income for the period	**33.4**	**2.0**	**35.4**

The following table summarises the impact of transition to IFRS 15 on retained earnings at 1 April 2018

Retained earnings	Impact of adopting IFRS 15 £'m
Balance before adopting IFRS 15 and IFRS 9 at 31 March 2018	**960.9**
Recognition of contract costs	**34.2**
Balance under IFRS 15 at 1 April 2018	**995.1**

B. IFRS 9 Financial Instruments

The Company has adopted IFRS 9 with a date of initial application of 1 April 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 April 2018.

Notes *(continued)*

Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2019 under IFRS 9.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in administrative expenses. Consequently, the Company reclassified impairment losses amounting to £9.2m, recognised under IAS 39, from 'Administrative expenses' to 'impairment loss on trade receivables and contract assets' in the statement of profit or loss and OCI for the year ended 31 March 2018.

The nature and effects of the key changes to the Company's accounting policies resulting from its adoption of IFRS 9 are summarised below.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and financial liabilities as at 1 April 2018.

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortised costs
Trade and other receivables	Loans and receivables	Amortised costs
Finance lease receivables	Loans and receivables	Amortised costs
Financial liabilities		
Loans and borrowings	Other financial liabilities	Amortised costs
Trade and other payables	Other financial liabilities	Amortised costs

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 April 2018.

£'m	**Carrying amount under IAS 39 at 31 March 2018**	**Adjustments**	**Carrying amount under IFRS 9 at 1 April 2018**
Financial Assets			
Cash and cash equivalents	35.6		35.6
Trade and other receivables	1,216.9		1,216.9
Finance lease receivables	842.7	1.8	844.5
Financial liabilities			
Loans and borrowings	621.4		621.4
Trade and other payables	357.7		357.7

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

The following table summarises the impact of transition to IFRS 9 on retained earnings at 1 April 2018

Retained earnings	**Impact of adopting IFRS 9 £'m**
Balance before adopting IFRS 15 and IFRS 9 at 31 March 2018	**960.9**
Recognition of expected credit losses under IFRS 9	**1.3**
Balance under IFRS 9 at 1 April 2018	**962.2**

Notes *(continued)*

30 Subsequent events

Acquisition of LAKE Solutions AG

On 10 May 2019, Ricoh Europe acquired Lake Solutions AG. The consideration of this acquisition is CHF 10.0 million (being CHF 7.5 million of base purchase price plus CHF 2.5 million earn out dependent on future profits earned).

Acquisition of Internacional Perifericos Y Memorias SA and TOTALSTOR Soluções De Armazenamento de Dados, S.A

On 29 July 2019, Ricoh Europe acquired Internacional Perifericos Y Memorias SA and TOTALSTOR Soluções De Armazenamento de Dados, S.A. . The consideration of this acquisition is €15.5 million (being €12.5 million of base purchase price plus €3.0 million earn out dependent on future profits earned).

Acquisition of DocuWare GmbH

On 5 August 2019, Ricoh Europe acquired DocuWare GmbH. The consideration of this acquisition is €156.6 million.

31 Ultimate parent

The Company is a subsidiary undertaking of Ricoh Company, Ltd. which is the immediate and ultimate parent company incorporated in Japan. The consolidated financial statements of the parent company are available at https://www.ricoh.com/IR/.

Unconsolidated Financial Statements

Company Balance Sheet

	Note	2019 £m	2018 £m
Fixed assets			
Investments in subsidiary undertakings	34	**900.6**	905.3
Trade and other debtors	35	**15.4**	11.1
		916.0	916.4
Current assets			
Trade and other debtors	35	**250.6**	194.6
Cash at bank		**32.2**	20.0
		282.8	214.6
Total assets		**1,198.8**	1,131.0
Current liabilities			
Loans and borrowings	36	**(8.1)**	(12.0)
Other creditors (due within one year)		**(2.4)**	(2.4)
		(10.5)	(14.4)
Net current asset		**272.3**	200.2
Total assets less current liabilities		**1,188.3**	1,116.6
Non-current liabilities			
Provisions	37	**(68.1)**	(65.0)
Net assets		**1,120.2**	1,051.6
Capital and reserves			
Share capital	39	**2.0**	2.0
Share premium	39	**559.5**	559.5
Merger reserve	39	**331.9**	331.9
Profit and loss	39	**226.8**	158.2
Equity shareholders' funds		**1,120.2**	1,051.6

The accompanying notes on pages 48 to 50 form part of the financial statements.

These financial statements were approved by the board of directors on 20 September 2019 and were signed on its behalf by:

D. Mills
Director

Company registered number: 6273215

Notes *(continued)*

32 Accounting policies

Ricoh Europe Holdings PLC (the "Company") is a company incorporated and domiciled in the UK.

The accounting policies set out below have been applied in preparing the Company's financial statements for the years ended 31 March 2018 and 2019. The accounting policies in note 2 also apply to the Company in addition to the accounting policies unless a difference is specifically specified below.

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

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

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS.

As the consolidated financial statements of Ricoh Europe Holdings PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Investments in subsidiary companies
Investments in subsidiary undertakings are stated at cost less provisions for impairment.

Going concern

As at 31 March 2019, the Company had net current assets of £272.3m. Of this amount, £240.0m represents an intercompany receivable from Ricoh Europe Finance Limited, a 100% subsidiary of the Group, implying that the timing of the payment can be controlled by the Company.

As such, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, based on expected sales volumes and existing cash resources, taking account of reasonably possible changes in trading performance and the current economic environment. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

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

33 Profit for the year

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the financial year. The Company's profit for the year was £95.9m (2018: £124.4m). In the year ended on 31 March 2019, the Company received dividends of £90.6m (2018: £931.9m) from its subsidiaries.

The company has no staff costs.

The audit fee for the Company was £10,000 in 2019 and 2018.

Notes *(continued)*

34 Investment in subsidiary undertakings

	£m
Cost	
At 31 March 2018	1,163.8
Additions	-
At 31 March 2019	**1,163.8**
Provision for impairment	
At 31 March 2018	258.5
Impairment charge *	4.7
At 31 March 2019	**263.3**
Net book value of investments	
At 31 March 2019	**900.6**
At 31 March 2018	905.3

*Impairment charge of £4.7m consists of £3.4m in NRG Group Ltd and £1.3m in Ricoh Turkey Baski Cozumleri Limited.

35 Trade and other debtors

	2019 £m	2018 £m
Amounts falling due within one year		
Amounts owed by Group undertakings	**248.1**	190.2
Other debtor	**0.5**	0.5
Corporation tax	**2.0**	3.9
	250.6	194.6
Amounts falling due after more than one year		
Amounts owed by Group undertakings	**3.8**	-
Deferred taxation	**11.6**	11.1
	15.4	11.1

36 Loans and borrowings

	2019 £m	2018 £m
Amounts falling due within one year		
Amounts owed to Group undertakings	**8.1**	12.0

37 Provisions

	2019 £m	2018 £m
Pension liability	**68.1**	65.0

The Company is recognised as the principal employer for the UK defined benefit schemes and therefore as at 31 March 2019, the Company recognised the pension liabilities for the schemes in the Company balance sheet. As the schemes are closed and the company does not recognise an annual service cost through profit and loss account, a gain has been taken to reserves for the actuarial gain related to the net pension deficit recognised. An actuarial loss of £6.7m was recorded in the current year (2018: Actuarial loss of £3.7m). Please see note 22 for further disclosures.

Notes *(continued)*

38 Reconciliation of movements in Shareholder's funds

	Share capital	Share premium	Merger reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance at 1 April 2018	2.0	559.5	331.9	158.2	1,051.6
Profit for the year	-	-	-	95.9	95.9
Dividend				(21.0)	(21.0)
Actuarial loss	-	-	-	(6.7)	(6.7)
Deferred taxation	-	-	-	1.1	1.1
Exchange differences	-	-	-	(0.7)	(0.7)
Balance at 31 March 2019	**2.0**	**559.5**	**331.9**	**226.8**	**1,120.2**

	Share capital	Share premium	Merger reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance at 1 April 2017	2.0	559.5	331.9	53.6	947.0
Profit for the year	-	-	-	124.4	124.4
Dividend				(22.0)	(22.0)
Actuarial gain	-	-	-	3.7	3.7
Deferred taxation	-	-	-	(0.6)	(0.6)
Exchange differences	-	-	-	(0.9)	(0.9)
Balance at 31 March 2018	**2.0**	**559.5**	**331.9**	**158.2**	**1,051.6**

The merger reserve arose from a group reorganisation in 2007.