

**OMRON ELECTRONICS LIMITED**

Annual report and financial statements  
Registered number: 02602783  
FOR THE YEAR ENDED 31 MARCH 2021



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## Company Information

### Directors

Heath Davis  
Gary Banks

### Registered number

02602783

### Registered office

Opal Drive  
Fox Milne  
Milton Keynes  
MK15 0DG  
United Kingdom

### Independent Auditor

Deloitte LLP  
Statutory Auditor  
1 Station Square  
Cambridge  
CB1 2GA  
United Kingdom

### Bankers

JP Morgan Chase Bank London Branch  
25 Bank Street  
Canary Wharf  
London  
E14 5JP  
United Kingdom

### Solicitors

Longmores  
6 Bluecoats Avenue  
Hertford  
SG14 1PB  
Hertfordshire

## Strategic Report

For the year end 31 March 2021

### Introduction

The Directors present their Strategic Report for the year ended 31 March 2021.

### Principal activities

Omron Electronics Limited ("the Company") is a technology provider in Industrial Automation.

The Company's strategic direction is determined by European management based in the Netherlands which in turn operates within the context of a strategy formulated by its parent company in Japan. The delivery of the strategy is the responsibility of the Company's sales management.

### Business review

In 2020/2021 sales decreased by 4% against the previous year, reflecting more difficult trading conditions surrounding Covid-19 and Brexit.

During the year the gross profit levels were more than adequate to achieve the minimum operating profit level prescribed by the Limited Risk Distributor contract. The Actual Gross Profit increased by 3% against the previous year in spite of lower sales. Higher margin, product cost mix and internal cost controls are key contributors to the increase.

Administration cost for the year decreased by 11%, primarily due to increased cost controls. All other areas of cost are in line with expectations.

The operating profit of 6.46% of sales is within the expected range, representing a 3.35% increase from the previous year.

The Company's Balance Sheet shows the Company's net asset position of £6,126,576 (2020: £5,146,786) at the end of the year, due to profit in the year offset by the dividend payment.

### Principal risks and uncertainties

The Directors regularly consider the main risks of the Company and how to mitigate those risks, including the use of corporate risk analysis and business continuity planning tools.

The wider economic impacts from Brexit, Covid-19 have lessened over the months but the global shortage of components remain as significant risk to the Company. Various contingency plans are in process of being developed.

In order to protect the financial status of the business the Directors have agreed various policies and processes with the parent company within the framework of a sub - distribution agreement.

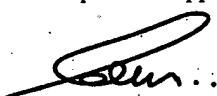
The Directors have set a current financial policy of avoiding bank credit or external borrowing arrangements and to agree to supplier payment terms in order to maintain sufficient funds for normal operational cash flow requirements.

The Directors remain optimistic regarding the long term prospects of the Company. Whilst challenges remain, a Brexit deal is now in place, a vaccination program in the UK is proving successful and component shortage mitigation plans are active, which is providing optimism. The full extent of these scenario's remains unclear, but the Directors continue to closely monitor the developments and their impact on the Company.

### Financial key performance indicators

The financial KPI's used to monitor the progress of the UK business operate within a framework set out by European Management and primarily within the context of a one year plan. The focus is on a Management Profit & Loss Account including Sales and Gross Profit. Infrastructure (General Administration) costs are managed on a European basis and are subject to a different set of performance indicators. Revenue for the year amounted to £34,512,188 (2020: £36,116,161) and gross profit amounted to £8,566,241 (2020: £8,356,252). These results are above the Company's budgets for the fiscal year as referenced in the business review, which reflects satisfactory progress against the longer term VG2.0 business plan.

This report was approved by the board on 13 July 2021 and signed on its behalf.

  
Heath Davis  
Director

## **Directors' Report**

*For the year end 31 March 2021*

The Directors present their annual report on the affairs of the Company together with the financial statements and auditor's report the year ended 31 March 2021.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,779,790 (2020: £900,266).

A dividend of £800,000 was approved and paid during the year (2020: £1,400,000). Subsequent to the Balance Sheet date a dividend of £1,500,000 is pending approval and due to be paid.

### **Directors**

The Directors who served during the year and to the date of this report were:

Heath Davis  
Gary Banks

### **Future developments**

In 2021/2022 the Company is expecting a recovery from the challenging economic environment due to Covid-19 in 2020/2021. Budgets have been fixed, with a planned growth of 2.6%.

The Omron group has seen increased interest in our mobile robots, collaborative robots and other factory automation products which can partly be attributed to new regulations and considerations around social distancing. The Directors believe that Omron Electronics Limited is well placed to support customers with these new requirements with a wide range of products.

### **Disclosure of information to auditors**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

### **Financial risk management objectives and policies**

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

#### **Cash flow risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

#### **Liquidity risk**

The Directors regard the availability of funds sufficient for the Company's liquidity requirements and to enable the Company to settle its debts as and when they fall due on an ongoing basis. Omron UK financing is performed via the cash pooling system. This pool currently has amply sufficient liquid funds.

#### **Credit risk**

The Company's principal financial assets are bank balances, cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

**Directors' Report (continued)**  
*For the year end 31 March 2021*

**Going concern**

The Directors are satisfied that the Company has adequate resources to continue trading, for at least 12 months after approval of the financial statements, and for its foreseeable needs given current forecasts, net asset position and available liquid resources. For this reason the board have concluded that there are no material uncertainties in adopting the going concern basis in preparing the financial statements.

The impact of Covid-19 is felt throughout all segments in the market, both operationally as well as financially.

Omron UK financing is performed via the cash pooling system. This pool currently has amply sufficient liquid funds.

As at 31 March 2021, the Company has cash of £4.07 million (2020: £4.38 million), and net current assets of £5.91 million (2020: £4.87 million). The Directors, in making this assessment, have taken into consideration current forecasts, the Company's liquidity position as well as the further options of liquid funding, as referenced to above.

Additional controls and checks have been put in place across the group to monitor the payment behaviour of customers, any changes or concerns are immediately escalated for management to act upon by engaging with customers. The group has also committed to maintaining normal payment behaviour towards our suppliers in line with its principles.

The Company's immediate parent, Omron Europe B.V., is financially very strong and has sufficient financial reserves to survive the current situation. In line with the distribution model of the group, the parent will continue to manage the risks of the sales companies and the group also during this difficult period as has been the case during previous crises periods.

The Company is seeing greater optimism in the business environment with the successful roll out of the vaccination program in the UK. The Directors do not believe that current impacts of the Covid-19 virus would have a material adverse effect on the Company's financial condition or liquidity.

**Political contributions**

There were no donations made to political parties (2020: £nil)

**Auditor**

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor. Omron Electronics Limited will assess the reappointment of its auditors within 3 to 5 years in line with its governance procedures.

This report was approved by the board and signed on its behalf.

  
**Heath Davis**

Director

Date: 13 July 2021

Registration Number: 02602783

## **Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMRON ELECTRONICS LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, the financial statements of Omron Electronics Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprises:

- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMRON ELECTRONICS LIMITED (CONTINUED)**

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and applicable tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included UK electrical standards, Health and Safety and General Data Protection Regulation (GDPR).

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition in relation to manual entries which are posted by the Company throughout the period. We obtained, analysed and tested in detail these manual entries posted to revenue as part of our audit

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMRON ELECTRONICS LIMITED (CONTINUED)**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

#### **Matters on which we are required to report by exemption**

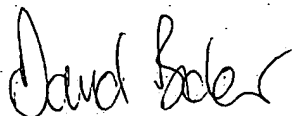
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **Use of this report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members of 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.



**David Bicker** (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Cambridge  
United Kingdom

Date: 13 July 2021

**Statement of Comprehensive Income**  
*For the year ended 31 March 2021*

	Note	2021 £	2020 £
<b>Turnover</b>	4	34,512,188	36,116,161
Cost of sales		(25,945,947)	(27,759,909)
<b>Gross profit</b>		<u>8,566,241</u>	<u>8,356,252</u>
Distribution costs		(60,557)	(131,790)
Administrative expenses		(6,439,123)	(7,275,448)
Other operating income	5	163,963	173,135
<b>Operating profit</b>	6	<u>2,230,524</u>	<u>1,122,149</u>
Interest receivable and similar income	9	-	2,993
Interest payable and similar expenses	10	(3,293)	-
<b>Profit before taxation</b>		<u>2,227,231</u>	<u>1,125,142</u>
Tax on profit	11	(447,441)	(224,876)
<b>Profit for the financial year</b>		<u><u>1,779,790</u></u>	<u><u>900,266</u></u>

The notes on pages 12 to 23 form part of these financial statements.


All activities derive from continuing operations.

**Balance Sheet**  
*As at 31 March 2021*

	Note		2021 £	2020 £
<b>Fixed assets</b>				
Tangible assets	13		231,154	286,255
			<u>231,154</u>	<u>286,255</u>
<b>Current assets</b>				
Stocks	14	43,764	95,576	
Debtors: amounts falling due within one year	15	8,657,166	7,950,254	
Cash at bank and in hand	16	4,074,034	4,377,206	
		<u>12,774,964</u>	<u>12,423,036</u>	
Creditors: amounts falling due within one year	17	(6,867,400)	(7,548,759)	
<b>Net current assets</b>			<u>5,907,564</u>	<u>4,874,277</u>
<b>Total assets less current liabilities</b>			<u>6,138,718</u>	<u>5,160,532</u>
<b>Provisions for liabilities</b>				
Deferred tax	18	(12,142)	(13,746)	
			<u>(12,142)</u>	<u>(13,746)</u>
<b>Net assets</b>			<u>6,126,576</u>	<u>5,146,786</u>
<b>Capital and reserves</b>				
Called up share capital	19		2,500,000	2,500,000
Profit and loss account	20		3,626,576	2,646,786
<b>Shareholders' funds</b>			<u>6,126,576</u>	<u>5,146,786</u>

The notes on pages 12 to 23 form part of these financial statements.

These financial statements were approved by the board of Directors on 13 July 2021 and were signed on its behalf by:

  
Heath Davis  
Director

Registration Number 02602783

**Statement of Changes in Equity**  
*For the year ended 31 March 2021*

	Called up share capital £	Profit and loss account £	Total equity £
<b>Balance at 1 April 2020</b>	2,500,000	2,646,786	5,146,786
<b>Total comprehensive income for the year</b>			
Profit for the year	-	1,779,790	1,779,790
Total comprehensive income for the year	-	1,779,790	1,779,790
Dividends: Equity capital (Note 12)	-	(800,000)	(800,000)
<b>Balance at 31 March 2021</b>	<u>2,500,000</u>	<u>3,626,576</u>	<u>6,126,576</u>

	Called up share capital £	Profit and loss account £	Total equity £
<b>Balance at 1 April 2019</b>	2,500,000	3,146,520	5,646,520
<b>Total comprehensive income for the year</b>			
Profit for the year	-	900,266	900,266
Total comprehensive income for the year	-	900,266	900,266
Dividends: Equity capital (Note 12)	-	(1,400,000)	(1,400,000)
<b>Balance at 31 March 2020</b>	<u>2,500,000</u>	<u>2,646,786</u>	<u>5,146,786</u>

The notes on pages 12 to 23 form part of these financial statements.

## NOTES

(forming part of the financial statements)

### 1. General information

Omron Electronics Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Company is a 100% subsidiary of Omron Europe B.V. which in turn is part of Omron Corporation, Japan. Omron Corporation is listed on the Tokyo and Osaka stock exchanges. We refer our readers to the annual reports and integrated reports which can be found in the investor section of the Omron global website, [www.omron.com](http://www.omron.com), which do not form part of this report.

Omron Electronics Limited is based in Milton Keynes and continues to be engaged principally in the sale and distribution of a wide range of Omron products including industrial components, sensors, automation systems and other electronic control components.

The address of its registered office and principal place of business are disclosed on the Company information page of these financial statements.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

These financial statements were prepared under the historic cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency of these financial statements is British Pound Sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 2.2 Exemptions for qualifying entities under FRS 102

Omron Electronics Limited is a qualifying entity for certain disclosure exemptions under FRS 102. The Company has taken advantage of the following disclosure exemptions in the preparation of these financial statements.

##### a. Cash flow statement

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent undertaking, Omron Corporation, includes the Company's cash flows in its own consolidated financial statements.

##### b. Disclosure of key management personnel compensation

The Company has taken advantage of the exemption, under FRS102 paragraph 1.12(e), from disclosing total key management personnel compensation.

##### c. Disclosure of related party transactions

The Company has taken advantage of the exemption, under FRS102 paragraph 33, from disclosing Related Party Transactions with other wholly owned subsidiaries of Omron Corporation.

### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### *Sale of goods*

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and

**NOTES** (continued)  
(forming part of the financial statements)

**2. Accounting policies (continued)**

**2.3 Revenue (continued)**

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

*Rendering of services*

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Asset under construction are incomplete assets at the year end and as such not depreciated. Once assets completed in nature, they will be transferred to fixed assets and depreciated over their useful lives.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 9% - 33.3% per annum - straight-line
Leasehold Improvements	- 9% - 33.3% per annum - straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**2.5 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES** *(continued)*  
*(forming part of the financial statements)*

**2. Accounting policies (continued)**

**2.8 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimated of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.9 Foreign currency transaction**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

**2.10 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES** *(continued)*  
*(forming part of the financial statements)*

**2. Accounting policies (continued)**

**2.11 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.12 Pensions**

*Defined contribution pension plan*

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.13 Interest income**

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

**2.14 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably required settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributed to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

**NOTES** (continued)  
(forming part of the financial statements)

**2. Accounting policies (continued)**

**2.15 Current and deferred taxation (continued)**

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

**2.16 Going concern**

The Directors are satisfied that the Company has adequate resources to continue trading, for at least 12 months after approval of the financial statements, and for its foreseeable needs given current forecasts, net asset position and available liquid resources. For this reason the board have concluded that there are no material uncertainties in adopting the going concern basis in preparing the financial statements.

The impact of Covid-19 is felt throughout all segments in the market, both operationally as well as financially.

Omron UK financing is performed via the cash pooling system. This pool currently has amply sufficient liquid funds.

As at 31 March 2021, the Company has cash of £4.07 million (2020: £4.38 million), and net current assets of £5.91 million (2020: £4.87 million). The Directors, in making this assessment, have taken into consideration current forecasts, the Company's liquidity position as well as the further options of liquid funding, as referenced to above.

Additional controls and checks have been put in place across the group to monitor the payment behaviour of customers, any changes or concerns are immediately escalated for management to act upon by engaging with customers. The group has also committed to maintaining normal payment behaviour towards our suppliers in line with its principles.

The Company's immediate parent, Omron Europe B.V., is financially very strong and has sufficient financial reserves to survive the current situation. In line with the distribution model of the group, the parent will continue to manage the risks of the sales companies and the group also during this difficult period as has been the case during previous crises periods.

The Company is seeing greater optimism in the business environment with the successful roll out of the vaccination program in the UK. The Directors do not believe that current impacts of the Covid-19 virus would have a material adverse effect on the Company's financial condition or liquidity.

**2.17 Other operating income**

Other operating income primarily consists of income not directly related to the principal activity. It mainly comprises the mark up on intercompany recharge.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in Note 2, 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.

Any estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Directors have not made any critical judgments and do not believe there are key sources of estimation uncertainty in the process of applying the Company's accounting policies when compiling the financial statements.

**NOTES** (continued)  
(forming part of the financial statements)

**4. Turnover**

The whole of the turnover is attributable to the industrial automation market by the sale of goods.

Analysis of turnover by county of destination:

	2021 £	2020 £
United Kingdom	32,141,018	33,382,690
Rest of Europe	2,371,170	2,733,471
	34,512,188	36,116,161

**5. Other operating income**

	2021 £	2020 £
Other operating income - mark up on Intercompany recharges	163,963	173,135
	163,963	173,135

**6. Operating profit**

The operating profit is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible assets (Note 13)	131,381	99,861
Operating lease rentals	842,358	729,958
Bad debts	866	3,003
Net foreign exchange loss/(gain)	204,215	(109,130)
Loss on sale of tangible fixed assets	442	-
	1,183,262	1,523,692

**7. Auditor's remuneration**

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	42,000	40,000
	42,000	40,000

The Company's auditor is not paid for any other services other than the audit of the financial statements.

**NOTES** (continued)  
(forming part of the financial statements)

**8. Employees**

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	3,892,495	4,337,256
Social security costs	300,245	567,494
Cost of defined contribution scheme	363,422	387,856
	4,556,162	5,292,606
	4,556,162	5,292,606

All the Directors who served during the year were remunerated by other Group Companies and not for services to this Company. No post employment benefits are accruing for Directors at 31 March 2021 under defined benefit schemes (2020: £nil).

No Directors (2020: none) are accruing benefits under a long-term incentive scheme.

The average monthly number of employees, during the year was as follows:

	2021 No.	2020 No.
Sales	56	61
Other	43	48
	99	109
	99	109

**9. Interest receivable and similar income**

	2021 £	2020 £
Other interest receivable	-	2,993
	-	2,993
	-	2,993

**10. Interest payable and similar expense**

	2021 £	2020 £
Other interest payable	3,293	-
	3,293	-
	3,293	-

**NOTES** (continued)  
(forming part of the financial statements)

**11. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	449,045	213,598
<b>Total current tax</b>	449,045	213,598
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,605)	10,987
Adjustments in respect of prior periods	1	-
Effect of tax rate change on opening balance	-	291
<b>Total deferred tax (see note 18)</b>	(1,604)	11,278
<b>Taxation on profit</b>	447,441	224,876

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	2,227,231	1,125,142
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	423,174	213,777
<b>Effects of</b>		
Expenses not deductible for tax purposes	3,305	5,371
Fixed asset differences	7,164	5,437
Adjustments to tax charge in respect of previous periods - current tax	13,797	-
Adjustments to tax charge in respect of previous periods - deferred tax	1	-
Adjust opening deferred tax to average rate of 19.00%	-	291
<b>Total tax (credit)/charge for the year</b>	447,441	224,876

**NOTES** (continued)  
(forming part of the financial statements)

**11. Taxation (continued)**

**Factors that may affect future tax charges**

The standard rate of tax applied to reported profit on ordinary activities is 19% (2020: 19%). The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

In the Finance Bill 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 11 March 2021. As the proposal to increase the rate at 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

**12. Dividends**

	2021 £	2020 £
Final Dividend of 32.0p per Ordinary Share (2020: 56.0p)	800,000	1,400,000
	800,000	1,400,000

Dividends proposed by the Directors in the sum £1,500,000 (0.60p per ordinary share) have not been approved or paid at the Balance Sheet date and are not included in the liability.

**13. Tangible fixed assets**

	Leasehold Improvements £	Plant and machinery £	Construction in progress £	Total £
<b>Cost</b>				
At 1 April 2020	610,831	1,298,915	-	1,909,746
Additions	-	50,584	26,139	76,723
Disposals	-	(3,458)	-	(3,458)
<b>At 31 March 2021</b>	<b>610,831</b>	<b>1,346,041</b>	<b>26,139</b>	<b>1,983,011</b>
<b>Depreciation</b>				
At 1 April 2020	610,831	1,012,660	-	1,623,491
Charge for the year on owned assets	-	131,381	-	131,381
Disposals	-	(3,015)	-	(3,015)
<b>At 31 March 2021</b>	<b>610,831</b>	<b>1,141,026</b>	<b>-</b>	<b>1,751,857</b>
<b>Net book value</b>				
<b>At 31 March 2021</b>	<b>-</b>	<b>205,015</b>	<b>26,139</b>	<b>231,154</b>
At 31 March 2020	-	286,255	-	286,255

**NOTES** *(continued)*  
*(forming part of the financial statements)*

**14. Stocks**

	2021 £	2020 £
Finished goods	43,764	95,576
	43,764	95,576
	43,764	95,576

**15. Debtors**

	2021 £	2020 £
Trade debtors	8,413,254	7,444,999
Amounts owed by group undertakings (unsecured, repayable on demand and interest free)	48,206	100,732
Other debtors	873	43,772
Prepayments and accrued income	194,833	360,751
	8,657,166	7,950,254
	8,657,166	7,950,254

Amounts owed by group undertakings are recharges of expenses to Omron Europe B.V. for the salaries and administrative expenses incurred whilst performing services on behalf of the intermediate parent.

**16. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	4,074,034	4,377,206
	4,074,034	4,377,206
	4,074,034	4,377,206

**17. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	72,350	279,368
Amounts owed to group undertakings (unsecured, repayable on demand and interest free)	3,830,082	4,539,371
Corporation tax	288,268	101,454
Other taxation and social security	76,248	87,248
Other creditors	1,289,702	1,293,703
Accruals and deferred income	1,310,750	1,247,615
	6,867,400	7,548,759
	6,867,400	7,548,759

Amounts owed to group undertakings relate to purchases from Omron Europe B.V. for goods.

**NOTES** (continued)  
(forming part of the financial statements)

**18. Deferred taxation**

	2021 £
Liability at beginning of year	(13,746)
Credited to profit or loss (see note 11)	1,604
	(12,142)
<b>Liability at end of year</b>	<b>(12,142)</b>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(29,223)	(31,151)
Short term timing differences	17,081	17,405
	<b>(12,142)</b>	<b>(13,746)</b>

**19. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b> 2,500,000 (2020 - 2,500,000) ordinary shares of £1 each	<b>2,500,000</b>	<b>2,500,000</b>

The Company has one class of ordinary shares which carry no right to fixed income.

**20. Reserves**

**Profit and loss account**

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**21. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £534,685 (2020 - £387,856). Contributions totalling £69,903 (2020 - £71,601) were payable to fund at the Balance Sheet date and are included in creditors.

**NOTES** (continued)  
(forming part of the financial statements)

**22. Commitments under operating leases**

At 31 March 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£	£
<b>Land and buildings</b>		
Not later than 1 year	399,103	401,203
Later than 1 year and not later than 5 years	1,406,829	1,596,412
Later than 5 years	185,258	394,778
	1,991,190	2,392,393
	1,991,190	2,392,393
	2021	2020
	£	£
<b>Office equipment and Motor vehicles</b>		
Not later than 1 year	367,943	356,309
Later than 1 year and not later than 5 years	400,582	505,904
	768,525	862,213
	768,525	862,213

**23. Controlling party**

The Company's immediate parent undertaking is Omron Europe B.V., a company incorporated in the Netherlands. The Company's ultimate parent company and controlling entity is Omron Corporation, a company incorporated in Japan. Omron Corporation is the parent of the smallest and largest groups of which the Company is a member and for which Group accounts are prepared. Copies of the Group financial statements can be obtained from Omron Corporation, Head Office. Its registered address is Shiokoji Horikawa, Shimogyo-ku, Kyoto 600-8530, Japan.