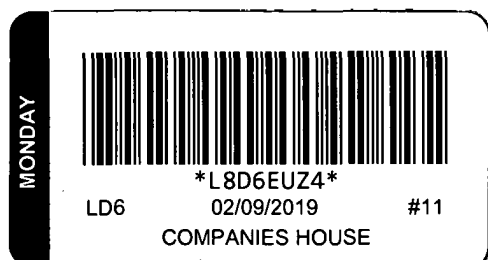


Registered number: 02602783

OMRON ELECTRONICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



OMRON ELECTRONICS LIMITED

COMPANY INFORMATION

Directors

Heath Davis
Gary Banks

Registered number

02602783

Registered office

Opal Drive
Fox Milne
Milton Keynes
United Kingdom
MK15 0DG

Independent auditor

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

Bankers

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

Solicitors

Longmores
6 Bluecoats Avenue
Hertford
Hertfordshire
SG14 1PB

OMRON ELECTRONICS LIMITED

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OMRON ELECTRONICS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

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 2018 / 2019 sales increased by 9.56% against the previous year, reflecting stable trading conditions and the positive effect on sales of products from new companies recently acquired elsewhere in the Omron Group.

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 was in line with the previous year.

Administration cost for the year increased by 6.7%, primarily due to increased 'Bad Debt' and 'Difference on Foreign Exchange costs' all other areas are in line with expectations.

The operating profit of 4.3% of sales is well within the expected range, representing a 0.3% increase from the previous year.

The Company's balance sheet shows the Company's net asset position of £5,646,520 (2018: £5,376,943) at the end of the year.

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.

Market conditions in which the company operates remain relatively stable. The devaluation of Sterling against the Euro has created a competitive edge for many UK Machine builders who have benefited from increased business in the Euro zone. UK Machine builders form a significant element of the Company's customer base. UK manufacturing sector investment has improved slightly helping to deliver increased sales both directly and via the Company's Distribution network.

Brexit remains the single most significant risk to the Company. Various contingency plans are being considered should the outcome of current negotiations result in restrictions and / or tariffs being imposed on products imported into the UK from the EU. Under the sub - distribution agreement some of these risks have already been mitigated.

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.

OMRON ELECTRONICS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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 £40,023,150 (2018: £36,531,349) and gross profit amounted to £9,601,513 (2018: £8,782,993). These results are in line the company's budgets for the fiscal year reflecting satisfactory progress against the longer term VG2.0 business plan.

This report was approved by the board on 27 August 2019 and signed on its behalf.



Heath Davis
Director

OMRON ELECTRONICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their annual report and the audited financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

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 Financial Reporting Standard 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;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,369,577 (2018 - £977,423).

A dividend of £1,100,000 was approved and paid during the year (2018: £1,300,000). Subsequent to the balance sheet date a dividend of £1,400,000 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 2019 / 2020 the business is expected to perform in line with budget, which has been set at a modest level to reflect anticipated difficult trading conditions in the UK economy.

During 2019 / 2020 new products will be launched to enhance the company's presence in the digital automation market.

OMRON ELECTRONICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Disclosure of information to auditor

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including cash flow 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.

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.

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 in the absence of an Annual General Meeting.

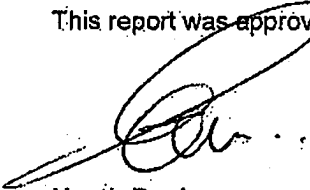
Going concern

The Directors are satisfied that the company has adequate resources for its foreseeable needs given current forecasts, net asset position and availability of 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.

OMRON ELECTRONICS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

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



Heath Davis
Director

Date: 27/8/2019

OMRON ELECTRONICS LIMITED

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 2019 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 comprise:

- 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

We are required by ISAs, (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of those matters.

Other information

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

OMRON ELECTRONICS LIMITED

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

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

We have nothing to report in respect of these matters.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

OMRON ELECTRONICS LIMITED

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Hall

Matthew Hall, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

Date: 30 August 2019

OMRON ELECTRONICS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	40,023,150	36,531,349
Cost of sales		(30,421,637)	(27,748,356)
Gross profit		9,601,513	8,782,993
Distribution costs		(117,139)	(113,175)
Administrative expenses		(7,942,685)	(7,437,802)
Other operating income	5	195,791	212,832
Operating profit	6	1,737,480	1,444,848
Finance costs (net)	9	1,561	605
Profit before tax		1,739,041	1,445,453
Tax on profit	10	(369,464)	(468,030)
Profit for the financial year		1,369,577	977,423
Other comprehensive income for the year			
Other comprehensive income		-	-
Total comprehensive income for the year		1,369,577	977,423

The notes on pages 12 to 26 form part of these financial statements.

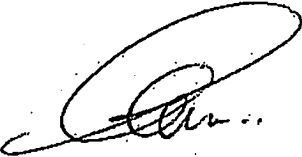
All activities are from continuing operations.

OMRON ELECTRONICS LIMITED
REGISTERED NUMBER: 02602783

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	261,826	199,589
		<u>261,826</u>	<u>199,589</u>
Current assets			
Stocks	13	14,261	-
Debtors: amounts falling due within one year	14	9,859,607	9,603,010
Cash at bank and in hand	15	5,108,762	3,622,350
		<u>14,982,630</u>	<u>13,225,360</u>
Creditors: amounts falling due within one year	16	(9,595,468)	(8,038,674)
Net current assets		<u>5,387,162</u>	<u>5,186,686</u>
Total assets less current liabilities		<u>5,648,988</u>	<u>5,386,275</u>
Provisions for liabilities			
Deferred tax	18	(2,468)	(9,332)
		<u>(2,468)</u>	<u>(9,332)</u>
Net assets		<u><u>5,646,520</u></u>	<u><u>5,376,943</u></u>
Capital and reserves			
Called up share capital	19	2,500,000	2,500,000
Profit and loss account	20	3,146,520	2,876,943
		<u>5,646,520</u>	<u>5,376,943</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


Heath Davis
 Director

27/8/19

The notes on pages 12 to 26 form part of these financial statements.

OMRON ELECTRONICS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	2,500,000	2,876,943	5,376,943
Total comprehensive income for the year			
Profit for the year	-	1,369,577	1,369,577
Dividends: Equity capital (Note 11)	-	(1,100,000)	(1,100,000)
At 31 March 2019	2,500,000	3,146,520	5,646,520

The notes on pages 12 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	2,500,000	3,199,520	5,699,520
Total comprehensive income for the year			
Profit for the year	-	977,423	977,423
Dividends: Equity capital (Note 11)	-	(1,300,000)	(1,300,000)
At 31 March 2018	2,500,000	2,876,943	5,376,943

The notes on pages 12 to 26 form part of these financial statements.

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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, 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

The financial statements have been prepared under the historical 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note-3).

The following principal accounting policies have been applied:

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.

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

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

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
Long term Leasehold Property Improvements	- 9% 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.

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

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.

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 estimate 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.

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.9 Foreign currency translation

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.

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.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 April 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

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.

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

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 requires 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 attributable 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.

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.

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.16 Going concern

The Directors are satisfied that the Company has adequate resources for at least 12 months from the approval of the accounts given current forecasts and availability of liquid resources. For this reason the Directors have concluded that there are no material uncertainties in adopting the going concern basis in preparing the financial statements.

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 recharges.

3. Judgments 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 judgments, 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.

4. Turnover

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

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	37,588,566	34,927,128
Rest of Europe	2,434,584	1,604,221
	<u>40,023,150</u>	<u>36,531,349</u>

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. Other operating income

	2019 £	2018 £
Other operating income - mark up on Intercompany recharges	195,791	212,832
	<u>195,791</u>	<u>212,832</u>

6. Operating profit

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

	2019 £	2018 £
Depreciation of tangible assets (Note 12)	66,713	28,241
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	39,000	37,500
Other operating lease rentals	697,162	753,066
Bad debts	153,918	15,413
Difference on foreign exchange	60,086	(33,121)
Loss on sale of tangible fixed assets	9,393	-
Inventories recognised as an expense	30,726,553	27,926,268
	<u>30,726,553</u>	<u>27,926,268</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	39,000	37,500
	<u>39,000</u>	<u>37,500</u>

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

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	4,469,319	4,272,780
Social security costs	612,810	595,149
Cost of defined contribution scheme	394,347	371,925
	<u>5,476,476</u>	<u>5,239,854</u>

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 2019 under defined benefit schemes (2018: £Nil).

No Directors (2018: none) are accruing benefits under a long-term incentive scheme.

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

	2019 No.	2018 No.
Sales	65	64
Other	54	55
	<u>119</u>	<u>119</u>

9. Finance costs (net)

	2019 £	2018 £
Other interest receivable	1,561	605
	<u>1,561</u>	<u>605</u>

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	349,251	131,859
Adjustments in respect of previous periods	27,077	326,839
	<u>376,328</u>	<u>458,698</u>
Total current tax	<u>376,328</u>	<u>458,698</u>
Deferred tax		
Origination and reversal of timing differences	4,436	9,332
Adjustments in respect of prior periods	(11,300)	-
Total deferred tax	<u>(6,864)</u>	<u>9,332</u>
Taxation on profit on ordinary activities	<u>369,464</u>	<u>468,030</u>

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. Taxation (continued)

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% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	1,739,041	1,445,453
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	330,418	274,636
Effects of:		
Expenses not deductible for tax purposes	16,655	858
Fixed asset differences	7,136	-
Adjustments to tax charge in respect of prior periods	27,077	326,839
Adjustments to tax charge in respect of prior periods - deferred tax	(11,300)	-
Adjust closing deferred tax to average rate of 19.00%	(290)	(1,097)
Adjust opening deferred tax to average rate of 19.00%	(232)	(14,022)
Deferred tax not recognised	-	(119,184)
Total tax charge for the year	369,464	468,030

Factors that may affect future tax charges

Changes in the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11. Dividends

	2019 £	2018 £
Final Dividend of 44.0p per Ordinary Share (2018: 52.0p)	1,100,000	1,300,000
	<u>1,100,000</u>	<u>1,300,000</u>

Dividends proposed by the Directors in the sum of £1,400,000 (56.0p per ordinary share) have not been approved or paid at the balance sheet date and are not included in the liability.

12. Tangible fixed assets

	Leasehold Improve- ments £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 2018	610,831	1,048,708	1,659,539
Additions	-	139,389	139,389
Disposals	-	(13,472)	(13,472)
At 31 March 2019	<u>610,831</u>	<u>1,174,625</u>	<u>1,785,456</u>
Depreciation			
At 1 April 2018	610,831	849,119	1,459,950
Charge for the year on owned assets	-	67,113	67,113
Disposals	-	(3,433)	(3,433)
At 31 March 2019	<u>610,831</u>	<u>912,799</u>	<u>1,523,630</u>
Net book value			
At 31 March 2019	<u>-</u>	<u>261,826</u>	<u>261,826</u>
At 31 March 2018	<u>-</u>	<u>199,589</u>	<u>199,589</u>

OMRON ELECTRONICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Stocks

	2019 £	2018 £
Finished goods and goods for resale	14,261	-
	<u>14,261</u>	<u>-</u>

14. Debtors

	2019 £	2018 £
Trade debtors	8,932,022	8,513,619
Amounts owed by group undertakings (repayable on demand and interest free)	739,551	753,452
Other debtors	41,613	40,586
Prepayments and accrued income	146,421	295,353
	<u>9,859,607</u>	<u>9,603,010</u>

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	5,108,762	3,622,350
	<u>5,108,762</u>	<u>3,622,350</u>

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	187,820	174,634
Amounts owed to group undertakings (repayable on demand and interest free)	5,947,718	4,991,874
Corporation tax	252,304	54,082
Other taxation and social security	1,747,345	1,498,609
Other creditors	113,589	76,306
Accruals and deferred income	1,346,692	1,243,169
	<u>9,595,468</u>	<u>8,038,674</u>

17. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost (see note 14)	9,713,186	9,307,657
Cash and cash equivalents	5,108,762	3,622,350
	<u>14,821,948</u>	<u>12,930,007</u>
Financial liabilities		
Financial liabilities measured at amortised cost (see note 16)	<u>(6,249,127)</u>	<u>(5,242,814)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and amounts owed to group undertakings.

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

18. Deferred taxation

	2019 £
Liability at beginning of year	(9,332)
Credited to profit or loss	6,864
Liability at end of year	<u><u>(2,468)</u></u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(17,301)	(23,638)
Short term timing differences	14,833	14,306
	<u><u>(2,468)</u></u>	<u><u>(9,332)</u></u>

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2,500,000 (2018 - 2,500,000) ordinary shares of £1.00 each	<u><u>2,500,000</u></u>	<u><u>2,500,000</u></u>

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 £394,347 (2018 - £371,925). Contributions totalling £77,433 (2018 - £73,667) were payable to the fund at the balance sheet date and are included in creditors.

OMRON ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Land and buildings		
Not later than 1 year	414,253	399,103
Later than 1 year and not later than 5 years	1,598,512	621,412
Later than 5 years	793,880	333,464
	<u>2,806,645</u>	<u>1,353,979</u>
	2019 £	2018 £
Office Equipment and Motor Vehicles		
Not later than 1 year	610,771	607,639
Later than 1 year and not later than 5 years	1,797,212	1,807,393
Later than 5 years	16,045	15,098
	<u>2,424,028</u>	<u>2,430,130</u>

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.