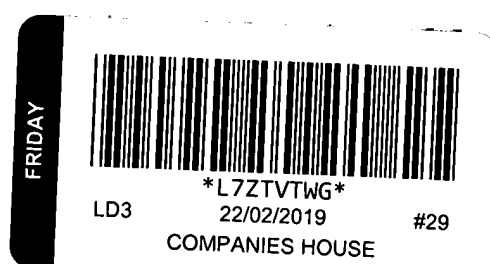


NEC Display Solutions UK Limited

Directors' Report and Financial Statements

For the year ended 31 March 2018

Registered number 3985545



NEC Display Solutions UK Limited

Registered No. 3985545

Directors

Mr P Fruth

Mr H Komazaki

Auditor

KPMG LLP

15 Canada Square

London

E14 5GL

Registered Office

Athene

Odyssey Business Park

West End Road

South Ruislip

Middlesex

HA4 6QE

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Directors' Report

The directors present their report and financial statements for the year ended 31 March 2018.

The company has met the requirements of the Companies Act 2006 to obtain the exemption provided from the presentation of a strategic report.

Results

The profit and loss account show a profit before tax for the year of £131,197 (2017: £207,515) and profit for the year after taxation of £38,929 (2017: £198,338).

Principal activity and review of business

NEC Display Solutions UK Limited's principal activity is to act as sales agent, in the distribution of electronic display devices, for NEC Displays Solutions Europe GmbH.

The results for the year and the financial position of the Company are shown on pages 6 to 8.

During the year the commission income decreased by 9% during the year.

Management considers that there is no other performance indicator other than the commission income and profit for the year.

Future developments

The directors expect the Company to continue its present rate of business in the coming year.

Dividends

The directors do not recommend the payment of a dividend. (2017: £nil)

Financial risks and uncertainties

As part of the review, the Directors have also considered the exposure of the Company to credit risk, foreign exchange risk, interest rate risk, liquidity risk and pension risk, in order that an overall assessment can be made of the Company's assets, liabilities, its financial position and its results for the year. The Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Foreign exchange risk

The Company has operations in the UK and Europe and hence has transactions denominated in £ Sterling and € Euro. The Board reviews and agrees policies for managing foreign exchange risks arising from the company's operations.

Interest rate risk

The Company seeks to minimise its exposure to movements in interest rates by maintaining positive cash flow and minimising borrowings.

Liquidity risk

The Company is funded through its retained profits. The Company participates in a cash pooling arrangement with fellow Group subsidiaries. The directors consider that the available sources of funds are adequate for the Company's operations.

Directors' Report

Pension risk

The Company has over the last few years taken steps to reduce risk from the DB scheme, including closing the scheme to future accrual in June 2009 and running an Enhanced Transfer Value Exercise during the first half of 2010. The Company, on behalf of the participating employers, agreed a satisfactory recovery plan with the Trustees after considering the deficit position reported in the 2015 Actuarial Valuation. The deficit payments with regard this plan will cease in March 2020 and were all placed into an Escrow account on the 8th August 2017.

Creditor payment policy

It is the Company's policy to adhere to the payment terms agreed with the supplier. Payments are contingent on the supplier providing goods or services to the required standards.

Political and Charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2017: nil).

Directors

The directors who served during the year are listed below:

Mr P Fruth
Mr H Komazaki

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

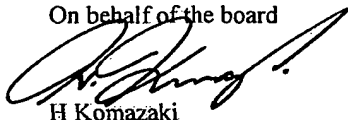
Directors' statement as to disclosure of information to Auditor

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

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



H Komazaki

Date: 22nd February 2019

Director

Statement of Directors' responsibilities in respect of the Directors' report & the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of NEC Display Solutions UK Limited

Opinion

We have audited the financial statements of NEC Display Solutions UK Limited ("the company") for the year ended 31 March 2018 which comprise the Profit and loss account, Statement of other comprehensive income, Balance sheet and Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

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

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

Going concern

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

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

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

Independent auditor's report to the members of NEC Display Solutions UK Limited (continued)

Strategic report and directors' report

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

Independent auditor's report to the members of NEC Display Solutions UK Limited (continued)

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

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

Kevin Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
22nd February 2019



Profit and Loss Account

for the year ended 31 March 2018

	Notes	2018 £	2017 £
Turnover	2	175,111	193,389
Administrative expenses		(572,310)	(542,848)
Other operating income	3	520,552	506,631
Net foreign exchange loss		(3,899)	(171)
Operating profit		119,454	157,001
Other interest receivable and similar income	4	11,743	50,514
Profit before taxation	5	131,197	207,515
Tax on profit	8	(92,268)	(9,177)
Profit for the financial year		38,929	198,338

Statement of other comprehensive income

for the year ended 31 March 2018

	Notes	2018 £	2017 £
Profit(loss) for the year		38,929	198,338
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gain/(loss) recognised in the pension scheme	13	762,530	(1,189,569)
Deferred tax on Defined Benefit Pension Surplus		(266,886)	335,334
Total comprehensive income/(loss) for the year		534,573	(655,897)

The notes on pages 10 to 21 form part of these financial statements.

Balance sheet

at 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Defined Benefit Asset Surplus	13	1,187,615	-
Current assets			
Debtors (including £585,000 (2017:£25,431) due after more than one year)	9	2,873,706	3,145,815
		<u>2,873,706</u>	<u>3,145,815</u>
Creditors: amounts falling due within one year	10	(10,549)	(13,170)
Net current assets		<u>2,863,157</u>	<u>3,132,645</u>
Total assets less current liabilities		<u>4,050,772</u>	<u>3,132,645</u>
Creditors: (amounts falling due after more than one year)	12	(415,453)	-
Defined Benefit Pension Liability	13	-	(31,899)
Net assets including Pension Liability		<u><u>3,635,319</u></u>	<u><u>3,100,746</u></u>
Capital and reserves			
Called up share capital	15	2,627,000	2,627,000
Profit and loss account		<u>1,008,319</u>	<u>473,746</u>
Shareholders' funds		<u><u>3,635,319</u></u>	<u><u>3,100,746</u></u>

The financial statements were approved by the Board of Directors on 22nd February 2019 and were signed on its behalf by:



Director

Mr H. Komazaki

The notes on pages 10 to 21 form part of these financial statements.

Statement of Changes in Equity

at 31 March 2018

Statement of changes in equity for the year ended 31 March 2018

	<i>Called up Share capital</i>	<i>Profit & Loss account</i>	<i>Total equity</i>
	£	£	£
Balance at 1 April 2017	2,627,000	473,746	3,100,746
Total comprehensive income for the year:			
Profit or loss	-	38,929	38,929
Other comprehensive income	-	495,644	495,644
Total comprehensive income for the year	-	534,573	534,573
Balance at 31 March 2018	2,627,000	1,008,319	3,635,319

	<i>Called up Share capital</i>	<i>Profit & Loss account</i>	<i>Total equity</i>
	£	£	£
Balance at 1 April 2016	400,000	1,129,643	1,529,643
Total comprehensive income for the year:			
Profit or loss	-	198,338	198,338
Other comprehensive income	-	(854,235)	(854,235)
Total comprehensive income for the year	-	(655,897)	(655,897)
Shares issued for cash	2,227,000	-	2,227,000
Balance at 31 March 2017	2,627,000	473,746	3,100,746

Notes

at 31 March 2018

1. Accounting policies

The following principal accounting policies have been applied consistently throughout the year, dealing with items which are considered material to the Company's financial statements.

Basis of preparation

These financial statements have been prepared on the historical cost basis and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and has been applied.

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

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

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

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year have been assessed. The key assumptions within the Company's defined benefit pension scheme are include in note 13.

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

Notes (continued)

at 31 March 2018

1. Accounting policies (continued)

Going concern

The company operating costs are recovered from NEC Display Solutions Europe GmbH and is profitable due to commissions earned from the distribution of electronic display devices. The company has Net Assets of £3,635,320 and therefore the directors have sufficient assurance that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Turnover

Turnover is stated net of value added tax and consists of commissions entirely from NEC Display Solutions Europe GMBH. Revenue is recognized upon the client's acceptance of commission.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Provision is made for depreciation at rates calculated to write off the cost of fixed assets in equal annual installments over their estimated useful lives. The principal annual rates in use are:

Leasehold improvements	–	6 years
Fixtures and fittings	–	3 years
Computer equipment	–	2–3 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying values may not be recoverable.

Classification of financial instruments issued by the Company

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

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Non-derivative financial instruments

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

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes (continued)

at 31 March 2018

1. Accounting policies (continued)

Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Any gain or loss arising from a change in exchange rates subsequent to the date of a transaction is included as an exchange gain or loss in the profit and loss account.

Pension costs- defined benefit plans

NEC Display Solutions UK Limited, in conjunction with other fellow subsidiary undertakings of NEC Corporation, operates a defined benefit staff pension scheme, which requires contributions to be made to a separately administered fund. The contribution amounts is agreed between the pension trustees and the principal employer and is based on the company's liabilities at the valuation date.

Pension scheme assets are measured using market values. For quoted and unitised securities the current bid price is taken as market value. The cost of providing benefits under the defined benefit plans is determined separately for the plan using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested.

The interest cost and the expected return on assets are shown as net amount of other costs or credits adjacent to interest.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are market price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Notes (continued)

at 31 March 2018

1. Accounting policies (continued)

Pension costs- defined contribution plans

The Company also operates a stakeholder pension scheme. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

2. Turnover

Turnover consists of commissions received from NEC Display Solutions Europe GmbH for the provision of services. The Company's turnover relates to continuing activities in Europe:

	2018 £	2017 £
Commission	175,111	193,389

3. Other operating income

Operating income consists of recharged expenses received from NEC Display Solutions GmbH.

	2018 £	2017 £
Recharged expenses	520,552	506,631

4. Other interest receivable and similar income

	2018 £	2017 £
Group interest receivable	6,272	3,397
Net interest on defined benefit plan assets	5,471	47,117
	<u>11,743</u>	<u>50,514</u>

Notes (continued)

at 31 March 2018

5. Profit and loss account

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2018 £	2017 £
Foreign exchange loss	3,899	171
Auditors' remuneration – audit of these financial statements	8,000	8,000

Fees paid to the Company's auditors, KPMG LLP and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such fees are disclosed in the financial statements of the Company's parent, NEC (UK) Limited.

6. Directors' emoluments

No (2017: No) director received remuneration for services to the Company. No director (2017: No) was a member of the defined contribution pension scheme.

7. Staff costs

	2018 £	2017 £
Wages and salaries	438,704	419,371
Social security costs	48,020	49,965
Other pension costs	33,630	34,080
	<u>520,354</u>	<u>503,416</u>

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

	2018 No.	2017 No.
Sales and administrative staff	4	4
Management staff	1	1
	<u>5</u>	<u>5</u>

The charge relating to the defined contribution pension scheme for the period represents contributions payable by the Company to the scheme and amounted to £33,630 (2017: £34,080).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes (continued)

at 31 March 2018

8. Tax

Recognised in the profit and loss account

	2018	2017
The tax charge/(credit) is made up as follows:		
<i>Current tax:</i>		
UK corporation tax at 19% (2017 – 20%)	-	-
Adjustment in respect of previous years	-	-
Total current tax charge	-	-
<i>Deferred tax:</i>		
Originating and reversal of timing differences	(61,695)	3,400
Reduction in tax rate	-	1,078
Deferred tax on Defined Benefit Pension Scheme	153,963	4,699
Total deferred tax	92,268	9,177
Tax on profit on ordinary activities	92,268	9,177

Reconciliation of tax expense

	2018	2017
	£	£
Profit for the year	38,929	198,338
Total Tax expense	92,268	9,177
(Loss) on ordinary activities before taxation	131,197	207,515
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK at 19% (2017 – 20%)	24,927	41,503
Deferred tax on Defined Benefit Pension Scheme	153,963	4,699
Adjusted relief on pension contributions paid	(95,621)	(43,503)
Reduction in tax rate on deferred balances	(61,695)	4,478
Additional losses	72,911	2,000
Adjustment in respect of originating and reversal of timing differences	(2,217)	-
Total tax expense	92,268	9,177

Notes (continued)

at 31 March 2018

8. Tax (continued)

The directors consider sufficient analysis has been undertaken in respect of periods up to 31 March 2017 to recognise submitted and anticipated group relief claims within the NEC Europe Limited group, but no such claims have yet been assessed or recognised in respect of the year ended 31 March 2018. The impact of group relief claims in respect of other UK entities within the NEC Corporation group is recognised when a claim is submitted and there is reasonable certainty it will be agreed.

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective 1 April 2020) were substantively enacted on 26th October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017.

9. Debtors

	2018 £	2017 £
<i>Due within one year:</i>		
Amounts owed by group undertakings	1,785,435	3,120,384
Other debtors	503,271	-
<i>Due after more than one year:</i>		
Other debtors	503,270	-
Deferred tax asset (note 11)	81,730	25,431
	<u>2,873,706</u>	<u>3,145,815</u>

Other debtors of £1,006,541 (2017: nil) is future obligations to the Defined Benefit Pension per the last actuarial funding valuation. These have been placed in an Escrow account. The company NEC Europe Limited will be responsible for the residual balance in the Escrow account at the end of the funding term. This would be distributed between the participating companies. This amount is split between debtors due within one year of £503,271 and debtors due after more than one year of £503,270.

Included within amounts due from parent undertaking is £1,644,425 (2017: £ 3,052,996) representing cash passed to the parent undertaking and placed on short term deposit with NEC Capital Limited.

10. Creditors: amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	10,548	13,170
	<u>10,548</u>	<u>13,170</u>

Notes (continued)

at 31 March 2018

11. Deferred tax asset

Movement in deferred tax during the year

	<i>1 April 2017</i>	<i>Recognised in equity</i>	<i>Recognised in income</i>	<i>31 March 2018</i>
	£	£	£	£
Current assets	5,650	-	(1841)	3,809
Tax value of losses carry forward	14,385	-	63,536	77,921
Defined Benefit Pension Scheme	5,396	-	(5,396)	-
	<u>25,431</u>	<u>-</u>	<u>56,299</u>	<u>81,730</u>

Movement in deferred tax during the prior year

	<i>1 April 2016</i>	<i>Recognised in equity</i>	<i>Recognised in income</i>	<i>31 March 2017</i>
	£	£	£	£
Tangible fixed assets	4,941	-	709	5,650
Tax value of losses carry forward	19,572	-	(5,187)	14,385
Defined Benefit Pension Scheme	-	76,325	(70,929)	5,396
	<u>24,513</u>	<u>76,325</u>	<u>(75,407)</u>	<u>25,431</u>

12. Creditors: amounts falling due after more than one year

Movement in withholding tax during the year:

	<i>1 April 2017</i>	<i>Recognised in equity</i>	<i>Recognised in income</i>	<i>31 March 2018</i>
	£	£	£	£
Defined Benefit Pension Surplus	-	266,886	148,567	415,453
	<u>-</u>	<u>266,886</u>	<u>148,567</u>	<u>415,453</u>

Movement in withholding tax during the prior year

	<i>1 April 2016</i>	<i>Recognised in equity</i>	<i>Recognised in income</i>	<i>31 March 2017</i>
	£	£	£	£
Defined Benefit Pension Surplus	325,240	(259,010)	(66,230)	-
	<u>325,240</u>	<u>(259,010)</u>	<u>(66,230)</u>	<u>-</u>

The withholding tax relates to 35% of the Defined Benefit Pension Surplus which would be withheld by the pension trustees on repayment.

Notes (continued)

at 31 March 2018

13. Defined benefit pension scheme

The company is a member of a defined benefit pension scheme. The principal employer of the scheme is NEC Europe Limited which is an entity wholly owned by NEC Corporation. Company employees are ineligible to join this scheme as it is closed for new members. The scheme provides final salary defined benefits and is funded by the participating companies. For funding purposes a full actuarial valuation of the defined benefit pension scheme was undertaken at 30 June 2015 by Mercer Limited, a qualified independent actuary.

The fund assets are administered by trustees and held separately from the participating companies' finances.

For the statutory accounts ending 31st March 2018 the principal employer received a report from Mercer Limited on the valuation of the scheme under FRS 101.

The Company's share of the underlying assets and liabilities set out below.

	2018 £'000	2017 £'000
Total Defined Benefit Liability	(7,903)	(8,371)
Total Defined Benefit Asset	9,091	8,339
Net Liability for defined benefit obligations	1,188	(32)
Total Employee Benefits	1,188	(32)

The underlying assets and liabilities set out below in respect of the whole scheme are based on the independent actuary's report.

	2018 £'000	2017 £'000
Total Defined Benefit Liability	(193,459)	(206,341)
Total Defined Benefit Asset	212,575	204,613
Net Liability for defined benefit obligations	19,116	(1,728)

Notes (continued)

at 31 March 2018

13. Defined benefit pension scheme (continued)

	Multi-Employer Scheme		Company Portion	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Change in defined benefit obligation				
As at 1 April	206,341	141,159	8,371	5,868
Interest cost	5,515	5,453	224	217
Gain on curtailments/changes/introductions	269	211	19	15
Re measurement: Actuarial gains/losses	(14,508)	62,177	(542)	2,377
Benefits paid	(4,158)	(2,659)	(169)	(106)
As at 31 March	193,459	206,341	7,903	8,371
Change in fair value of plan assets				
As at 1 April	204,613	169,883	8,339	6,797
Past service cost	(815)	(543)	(33)	(21)
Interest income	5,588	6,617	229	264
Return on plan assets excluding interest income	(2,320)	28,783	221	1,187
Employer contributions	9,667	2,531	504	218
Benefits paid	(4,158)	(2,658)	(169)	(106)
Balance at 31 March	212,575	204,613	9,091	8,339
Costs relating to defined benefit plans				
Gain on curtailments/changes/introductions	269	211	19	15
Interest on DBO	5,515	5,453	224	217
Interest (income) on plan assets	(5,588)	(6,617)	(229)	(264)
Administrative expenses and/or taxes (not reserved within DBO)	815	543	33	21
Included in Profit and Loss account	1,011	(410)	47	(9)
Re measurements				
Effect of changes in assumptions	(14,421)	(62,214)	(698)	2,281
Effect of experience adjustments	(88)	37	(7)	96
Cost/(Return) on plan assets (excluding interest income)	2,320	28,784	(58)	(1,187)
Included in Other Comprehensive Income	(12,189)	(33,393)	(763)	1,190
Fair value of plan assets				
Cash and cash equivalents	1,639	1,375	71	56
Equity instruments	62,342	58,665	2,666	2,391
Debt instruments	100,855	99,005	4,313	4,035
Real estate	10,611	9,940	453	213
Other	37,128	35,627	1,588	1,644
Total	212,575	204,612	9,091	8,339

Notes (continued)

at 31 March 2018

13. Defined benefit pension scheme (continued)

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The major assumptions used by the actuary to calculate the group defined benefit liability are set out below:

	2018	2017
	%	%
Rate of increase in pensionable salaries	n/a	n/a
Discount rate	2.80	2.70
Inflation assumption RPI	3.10	3.20
Rate of pension increase	2.90	3.15

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard S2NA light YOB tables rated down 1 year for males and females, and CMI 2014 projections with long term rate of 1.25% per annum underpin. The weighted average duration for males currently aged 65 is 24.6 years and for females currently aged 65 is 26.4 years.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises what the total of the Multi-Employer Scheme defined benefit obligation at the end of the reporting period would have been as a result of a change in the respective assumptions by 25%.

	2018	2017
	£'000	£'000
Discount rate	206,057	220,394
Inflation assumption RPI	202,809	216,951

In valuing the liabilities of the pension fund at 31st March 2018 mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31st March 2018 would have increased to £197,925,000 (2017:£211,669,000) before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 30th June 2015 are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Notes (continued)

at 31 March 2018

13. Defined benefit pension scheme (continued)

Funding

The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the Multi-Employer Scheme is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above. The last actuarial funding valuation was done on 30th June 2016 by Mercer Limited.

The company's funding requirements are measured based on their specific liabilities and an apportionment of the orphan companies. If the company withdrawals from the scheme they are required to meet their outstanding funding commitments before leaving.

The Multi-Employer Scheme is a Last Man Standing scheme. If the scheme is wound up the pension trustees will use any part of the Scheme left after they have satisfied all liabilities to pay to the Participating Employers in any proportion the trustees decide.

On the 8th August 2017 NEC Europe limited and it's UK Subsidiaries transferred £18,839,395 into an Escrow account. This is to fund the future defined benefit pension obligations until the year ended 31st March 2020. The future contributions of the Company to its defined benefit plan paid into the Escrow account was £1,342,055. The remaining balance at 31st March 2018 is £1,006,541.

From the Escrow account the Company expects to pay £503,271 in contributions to its defined benefit plan in the next annual reporting period, and subsequent annual contributions of £503,271 until the year ended 31st March 2020. At the end of the reporting period the company's average contributions to the defined benefit obligation is £245,582 over the last 6 years.

14. Subsequent Events

A recent judgement ruled that pension schemes that have contracted-out employment, will need to equalise benefits for the effect of unequal Guaranteed Minimum Pension (GMP) between men and women. The judgement appears to instruct trustees to make amendments to the pension scheme and so will account for this as a past service costs in the Profit and Loss account for the year ending 31st March 2019. The company is considering the impact of this but at this point is not able to make a realistic estimate.

15. Issued share capital

	2018	2017
	£	£
<i>Alotted, called up and fully paid</i>		
2,627,000 Ordinary shares of £1 each	2,627,000	2,627,000

16. Ultimate parent undertaking and controlling party

The immediate parent company is NEC (UK) Limited. The ultimate parent undertaking and controlling party is NEC Corporation, which is incorporated in Japan. The group in which the results of the company are consolidated is that of NEC Corporation. The accounts of the ultimate holding company, which heads the largest group in which the results of the Company are consolidated and are available to the public at NEC Corporation, 7-1, Shiba 5-chome, Minato-ku, Tokyo, Japan.