Stanley Electric (U.K.) Company Limited

Annual report and financial statements for the year ended 31 March 2021

Registered no: 04071741

Stanley Electric (U.K.) Company Limited

Annual report and financial statements for the year ended 31 March 2021

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Stanley Electric (U.K.) Company Limited

Strategic report
for the year ended 31 March 2021

The directors present their strategic report of Stanley Electric (U.K.) Company Limited ("the Company") for the year ended 31 March 2021.

Principal activities

The Company is a Sales Company whose principal activity is the purchase and sale of bespoke lighting products, primarily automotive vehicle lighting, light emitting diodes, sub miniature lamps and lighting application products for many industries. The Company operates as a multiple tiered supplier with the majority of it's sales as Tier 1. Our revenue streams can span the globe and are generated from our own efforts and from collaborations with sister companies within the Group.

Review of the business

The impact from the lockdown constraints caused by Covid 19 was the most significant and detrimental influence on our business during this financial year. The company took immediate and necessary steps to countermeasure the temporary closure of most of the key customer operations during the first quarter. The focus to maintain a profitable result and keep a seamless level of service to our Customers, in the face of the immediate and complete short term loss of revenue followed by a slow and reduced recovery, proved to be successful albeit at a much reduced level.
The Company's preparations for BREXIT, in the midst of ongoing Covid 19 impacts, also proved to be satisfactory without any disturbance to our customers operations.
The combination of Covid 19 and BREXIT undoubtedly increased our costs and will, to some extent, no doubt remain as a legacy. However, the Company managed to minimise the incremental effects by stringent and efficient cost management procedures. A practice that has now become routine.

The majority of the Company's sales revenue was generated from its sales of products to the Automotive Industry, a strong foundation to our business. The balance of our revenue is related to our electronic products sales to the manufacturers of industrial and consumer electronic products manufacturers. Our customers' interests in our core products remained strong.

The Company continued with the Group's Sales Strategies which is complimented with new product developments for new applications. We continued to expand into new market fields.

We continued to manage our expenses in alignment with our revenues, whilst maintaining our key sales resources to continue to pursue new revenue streams for the future.

<u>Key Performance Indicators</u>

Sales:	€16.82 million (a 23.3% decrease compared to the previous financial year).
Loss for the financial year:	€-0.036 million (a 114.4% decrease compared to the previous financial year).

The position of business remains strong with net assets of €16.36 million (2019: €16.59 million).

Stanley Electric (U.K.) Company Limited

Strategic report
for the year ended 31 March 2021 (continued)

Principal risks and uncertainties

The vast majority of the Company's sales and purchases are denominated in identical currencies which provide a natural hedge against foreign exchange risk to our income. The exchange rate impact is predominantly against our locally incurred expense.

Approved by the board and signed on its behalf by:

Hirokazu Kida
Managing Director
3rd June 2021

Stanley Electric (U.K.) Company Limited

Directors' report
for the year ended 31 March 2021

The directors present their report and the audited financial statements for the year ended 31 March 2021.

Results and dividends

The Company's loss for the financial year ended 31 March 2021 amounted to €-36,227 (2020: profit of €270,988). During the year a final dividend in respect of the year ended 31 March 2021 of €190,400 (2020: €391,026), equivalent to €0.238 (2020: €0.489), per share was paid. The directors propose the payment of a final dividend in respect of the year ended 31 March 2021 amounting to €0.00, equivalent to €0.00 per share.

Research and development

The Company is committed to a policy of research and development and its investment in such activities in order to maintain and promote its position for its products. The Company outsources the activities to its parent company whilst taking the cost of them. Such costs are typically recorded as an expense.

Future developments

New product developments in our Electronics Division continue to allow us to penetrate new markets with new customers. The new major sales revenue projects from the Automotive Industry will begin to come on stream in the next 2 years.

Going concern

Whilst the reduction of revenues and profit in the financial year to 31 March 2021 due to Covid 19 were predictable and inevitable, the Company's Management ensured to return a reasonable profit. The initiatives and efficiencies put in place during 2020, will be maintained to continue to counteract the ongoing effects of Covid 19 and to deliver a positive result for the financial year ending 31st March 2022.

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 the going concern basis. The company still maintains a substantial unrestricted cash on hand balance and are confident the Company remain well placed to withstand a protracted period of fluctuating sales activity should this occur. As such the Directors are confident that the Company will continue to operate as a going concern for at least the next 12 month period.

Directors

The directors of the Company during the year and up to the date of signing the financial statements, unless otherwise indicated, were:

Hirokazu Kida	(Appointed on 25th March 2021)
Iain Evans	
Naomichi Saito	(Resigned on 25th March 2021)

Information on financial risk management and future developments are disclosed within the strategic report.

Directors' report
for the year ended 31 March 2021 (continued)

Financial risk management policies

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and exchange rate risk. The policies set by the board of directors of the parent company are implemented by the Company. The Company has a policy and procedures manual that set out specific guidelines to manage credit risk, interest rate risk and circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

Price risk is minimised through entering into long term pricing arrangements with major customers. Purchases, are made solely from the Group's parent, group undertakings and strategically aligned partners, and are also subject to long term purchasing strategies..

Credit risk

Credit risk is controlled by applying a creditworthiness assessment procedure. The majority of our sales is from large prestigious companies with which the Group has a long trading relationship. Liquidity and cash flow risks are managed by the matching of the payment terms between our customers and our suppliers.

Liquidity and cash flow risk

Liquidity and cash flow risks are managed by the matching of the payment terms between our customers and our suppliers.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Statement of directors' responsibilities in respect of the financial statements (Continued)

The directors are responsible for the maintenance and integrity of the company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the board and signed on its behalf by:

Hirokazu Kida
Managing Director
3rd June 2021

Stanley Electric (U.K.) Company Limited

Independent auditors' report to the members of Stanley Electric (U.K.) Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Stanley Electric (U.K.) Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Statement of financial position as at 31 March 2021; Statement of comprehensive income, Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Stanley Electric (U.K.) Company Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities , the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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.

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.

Independent auditors' report to the members of Stanley Electric (U.K.) Company Limited (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with UK tax legislation and breaches of employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results to achieve the budget and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- We obtained an understanding of the entity's current activities, the scope of its authorization and its control environment;
- We reviewed all of the available board of directors meeting minutes and significant contracts;
- Challenging assumptions and estimates made by management in significant accounting estimates, in particular *in relation to accounts receivable provisioning and cost down accruals;*
- We had discussions with directors of the company including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Lauren Dilrew

Lauren Dilrew (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
3 June 2021

Stanley Electric (U.K.) Company Limited

Statement of comprehensive income for the year ended 31 March 2021

	Note	2021	2020
		€	€
Revenue	4	**16,818,833**	21,922,907
Cost of sales		**(14,812,008)**	(19,127,924)
Gross profit		**2,006,825**	2,794,983
Administrative expenses		**(2,061,539)**	(2,507,998)
Other income	5	**24,367**	-
Operating (loss) / profit	6	**(30,347)**	286,985
Finance income	7	**1,147**	17,116
Finance cost	8	**(9,950)**	(9,987)
(Loss) / Profit before income tax		**(39,150)**	294,114
Income tax (credit) / expense	11	**2,923**	(23,126)
(Loss) / Profit for the financial year		**(36,227)**	270,988
Other comprehensive income for the financial year, net of tax		**-**	-
Total comprehensive (expense) / income for the financial year		**(36,227)**	270,988

The results above relate to continuing activities.

The notes on pages 12 to 27 form part of these financial statements.

Stanley Electric (U.K.) Company Limited

Statement of financial position as at 31 March 2021

	Note	**2021**	2020
		€	€
Fixed assets			
Property, plant and equipment	12	**474,501**	743,630
Current assets			
Inventories	14	**342,497**	483,110
Trade and other receivables	15	**7,300,593**	6,417,949
Cash and cash equivalents		**12,327,016**	13,120,637
		19,970,106	20,021,696
Creditors: amounts falling due within one year	16	**(3,679,348)**	(3,557,169)
Net current assets		**16,290,758**	16,464,527
Total assets less current liabilities		**16,765,259**	17,208,157
Creditors: amounts falling due after more than one year	17	**(403,666)**	(619,937)
Net assets		**16,361,593**	16,588,220
Equity			
Called up share capital	19	**1,229,067**	1,229,067
Retained earnings		**15,132,526**	15,359,153
Total shareholders' funds		**16,361,593**	16,588,220

The notes on pages 12 to 27 form part of these financial statements.

The financial statements on pages 9 to 27 were approved by the directors on 3rd June 2021 and were signed on its behalf by:

Hirokazu Kida
Managing Director
Stanley Electric (U.K.) Company Limited
Register no. 04071741

Stanley Electric (U.K.) Company Limited

Statement of changes in equity
for the year ended 31 March 2021

	Note	Called up share capital	Retained earnings	Total shareholders' funds
		€	€	€
Balance as at 1 April 2019		**1,229,067**	**15,479,191**	**16,708,258**
Profit for the financial year		-	270,988	270,988
Other comprehensive income for the financial year		-	-	-
Total comprehensive income for the financial year		**-**	**270,988**	**270,988**
Transaction with shareholders				
Dividends	20	-	(391,026)	(391,026)
Balance as at 31 March 2020		**1,229,067**	**15,359,153**	**16,588,220**
Balance as at 1 April 2020		**1,229,067**	**15,359,153**	**16,588,220**
Loss for the financial year		-	(36,227)	(36,227)
Other Comprehensive income for the financial year		-	-	-
Total comprehensive expense for the financial year		**-**	**(36,227)**	**(36,227)**
Transaction with shareholders				
Dividends	20	-	(190,400)	(190,400)
Balance as at 31 March 2021		**1,229,067**	**15,132,526**	**16,361,593**

The notes on pages 12 to 23 are an integral part of these financial statements.

Stanley Electric (U.K.) Company Limited

Notes to the financial statements for the year ended 31 March 2021

1. General information

The principal activity of Stanley Electric (U.K.) Company Limited ('the Company') is the purchase and sale of bespoke lighting products, primarily automotive lighting, light emitting diodes, sub miniature lamps and flash lamps for mobile phone cameras.

The Company is a private company limited by share capital incorporated in the United Kingdom and domiciled in the England and Wales. The address of its registered office is Suite 3C, Part 3rd Floor, The Columbia Centre, Station Road, Bracknell, Berkshire RG12 1LP.

2. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. These financial statements are presented in Euro ("€"). The exchange rate at the balance sheet date was £1 = € 1.173 (2020: £1 = € 1.121).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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 the going concern basis. The directors have modelled a number of potential downside trading scenarios and given the company maintains a substantial unrestricted cash on hand balance are confident the Company is well placed to withstand a protracted period of reduced sales activity should this occur. As such the Directors are confident that the Company will continue to operate as a going concern for at least the next 12 month period.

2.2 Exemption for qualifying entities under FRS 101

The following exemption from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

2. Summary of significant accounting policies (continued)

2.2 Exemption for qualifying entities under FRS 101 (continued)

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in paragraph respect of:
  - i) 79(a)(iv) of IAS 1;
  - ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount *at the beginning and end of the period)*
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
  - 16 (statement of compliance with *all* IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements)
  - 38B-D (additional comparative information)
  - 40A-D (requirements for a third statement of financial position)
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

2.3 Going concern

Whilst the reduction of revenues and profit in the financial year to 31 March 2021 due to Covid 19 were predictable and inevitable, the Company's Management ensured to return a reasonable profit. The initiatives and efficiencies put in place during 2020, will be maintained to continue to counteract the ongoing effects of Covid 19 and to deliver a positive result for the financial year ending 31st March 2022.

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 the going concern basis. The company still maintains a substantial unrestricted cash on hand balance and are confident the Company remain well placed to withstand a protracted period of fluctuating sales activity should this occur. As such the Directors are confident that the Company will continue to operate as a going concern for at least the next 12 month period.

Notes to the financial statements for the year ended 31 March 2021(continued)

2. Summary of significant accounting policies (continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Euro' (€), which is also the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Property, plant and equipment

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on cost using the reducing balance method over the estimated useful lives of the assets. The rates of depreciation are as follows:

Computer equipment	33.3% - 50.0%
Office equipment, furniture and fittings	20.0% - 33.3%
Finance leases – IT equipment	20.0%

2. Summary of significant accounting policies (continued)

2.6 Leases

The company leases various offices, houses, equipment and vehicles. Rental contracts are typically made for fixed periods but may have extension options. Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the company under residual value guarantees;
- the exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first-out (FIFO) method and includes transport, handling costs and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where necessary, provision is made for obsolete, slow moving and defective inventories.

2. Summary of significant accounting policies (continued)

2.8 Revenue

Revenue of the Company represents the sale of the goods.

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 at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually the point at which goods are delivered to the buyer.

2.9 Other Income

Other income represents the susidy from the Government. The Goverment made us a payment as a part of Furlough scheme and which is recognized as Other income.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3. Summary of significant accounting policies (continued)

2.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 Financial Instruments

i) Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, as appropriate. The Company determines the classification of its financial assets at initial recognition.
All financial assets are recognised initially at fair value.
The Company's financial assets include cash and bank deposits, trade and other receivables.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Losses arising from impairment are recognised in the income statement in other operating expenses. This category generally applies to the Company's trade and other receivables.

Provision for impairment is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

2. Summary of significant accounting policies (continued)

2.12 Financial Instruments (continued)

i) Financial assets (continued)

Cash at bank and in hand
Cash at bank and in hand in the balance sheet comprise cash at current bank accounts and in hand. Cash at bank and in hand are recognised and carried at fair value.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings
Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.
Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.
This category generally applies to the Company's trade and other payables.

Derecognition of financial liabilities
A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.
Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

3. Judgements and key source of estimation of uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

(a) Impairment of trade and other receivables
The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

3. Judgements and key source of estimation of uncertainty (Continued)

(b) Lease accounting
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).
For leases of buildings and vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

4. Revenue

Revenue recognised in the statement of comprehensive income is analysed as follows :

Revenue by category

	2021	2020
	€	€
Sale of goods	**16,818,833**	21,922,907

Revenue by geographical market

	2021	2020
	€	€
United Kingdom	**12,109,365**	14,329,311
Rest of Europe	**3,871,821**	5,732,096
Rest of the world	**837,647**	1,861,500
	16,818,833	21,922,907

5. Other income

	2021	2020
	€	€
Subsidy Income	**24,367**	-

The nature and amount of €24,367 from the Government under the Furlough scheme is recognised in the financial statements. There are no unfulfilled conditions or other contingencies attaching to grants that have been recognised in income, and Stanley Electric (U.K.) Company Limited received the subsidy for the Furlough scheme purpose only.

Notes to the financial statements for the year ended 31 March 2021 (continued)

6. Operating profit

	2021	2020
	€	€
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	**167,022**	685,642
R & D expense	**4,395**	34,035
Lease expenses for low value assets and short term leases	**6,378**	11,211
Net foreign currency exchange differences	**110,262**	50,983
Auditors' remuneration:		
- for audit of the annual financial statements	**42,902**	39,289
- for non-audit services - tax compliance services	**7,797**	7,956

7. Finance income

	2021	2020
	€	€
Bank interest receivable	**1,147**	17,116

8. Finance costs

	2021	2020
	€	€
Interest payable on other loans	**9,950**	9,987

9. Directors' emoluments

	2021	2020
	€	€
Aggregate emoluments	**505,526**	451,121

Highest paid director

	2021	2020
	€	€
Aggregate emoluments	**309,654**	246,321

Notes to the financial statements for the year ended 31 March 2021 (continued)

10. Employee costs

The average monthly number of persons employed by the Company (including executive directors) during the year was as follows:

	Number of employees 2021	Number of employees 2020
Selling and distribution	**12**	14
Administration	**4**	5
	16	19

	2021 €	2020 €
Employee costs (including executive directors) during the year amounted to:		
Wages and salaries	**1,140,138**	1,341,782
Social security costs	**104.532**	130,750
	1,244,670	1,472,532

11. Income tax (credit) / expense

(a) Tax (credit)/expense included in the profit

	2021 €	2020 €
Current tax:		
UK corporation tax	**1,870**	58,641
Adjustment in respect of previous years	**(409)**	54,695
Total current income tax	**1,461**	113,336
Deferred tax:		
Origination and reversal of temporary differences	**(4,405)**	8,142
Adjustment in respect of previous years	**21**	(49,615)
Effect of tax rate changes	**-**	(48,737)
Total deferred income tax	**(4,384)**	(90,210)
Total income tax (credit)/expense	**(2,923)**	23,126

Notes to the financial statements for the year ended 31 March 2021 (continued)

11. Income tax expense (continued)

(b) Factors affecting tax charge for the financial year

The tax on loss at standard UK tas rate of 19% (2020: 19%) .
The differences are explained below:

	2021	2020
	€	€
(Loss) / profit before income tax	**(39,150)**	294,114
(Loss) / profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%).	**(7,439)**	55,882
Effects of:		
Expense not deductible for tax purposes	**3,035**	10,059
Adjustment in respect of previous years	**298**	5,922
Tax rate changes	**1,183**	(48,737)
Total income tax (credit) / expense	**(2,923)**	23,126

(c) Tax rate changes

At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%, accordingly, the deferred tax is recognised at 19%. In March 2021, the Finance Budget 2021 announced an increase in the rate of corporation tax from 19% to 23% from 1 April 2023 for companies with taxable profits over £250,000. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 19%.

(d) Deferred tax (assets)/liabilities

The deferred tax included in the Company balance sheet are as follows :

Deferred tax	**Accelerated capital allowance**	**Total**
	€	€
At 1 April 2020	(455,699)	(455,699)
Adjustment in respect of prior years	21	21
Deferred tax credit to Income Statement for the year	(4,405)	(4,405)
At 31 March 2021 (note 15)	**(460,083)**	**(460,083)**

There are no unused tax losses or unused tax credits.
Deferred tax assets have been recognised only to the extent that the Directors believe that there is sufficient evidence that there will be suitable taxable profits in the future against which the deferred tax assets can be recovered.

12. Property, plant and equipment

	Computer equipment	Right of use asset	Office equipment and fittings	Total
	€	€	€	€
Cost				
At 1 April 2020	128,350	988,427	216,441	1,333,218
Disposals	-	(257,176)	(54,402)	(311,578)
At 31 March 2021	**128,350**	**731,251**	**162,039**	**1,021,640**
Accumulated depreciation				
At 1 April 2020	120,379	297,218	171,991	589,588
Charge for the year	2,107	135,596	29,319	167,022
Disposals	-	(155,069)	(54,402)	(209,471)
At 31 March 2021	**122,486**	**277,745**	**146,908**	**547,139**
Net book value				
At 31 March 2021	**5,864**	**453,506**	**15,131**	**474,501**
At 31 March 2020	**7,971**	**691,209**	**44,450**	**743,630**

13. Right-of-use assets

	2021	2020
	€	€
IT equipment	13,461	17,827
Buildings	438,442	638,742
Transportation equipment	1,603	34,640
Total Right-of-use assets	**453,506**	**691,209**

14. Inventories

	2021	2020
	€	€
Finished goods	**342,497**	483,110

There is no material diferrence between the Balance Sheet value of stocks and theire replacement cost. None of provision is recognised.

Stock of €13,987,898 (2019: €17,718,615) were recognised as cost of sales during the year.

15. Trade and other receivables

	2021	2020
	€	€
Amounts falling due within one year:		
Trade receivables	**2,076,647**	1,790,517
Amounts owed by group undertakings	**55,460**	17,144
Prepayments and accured income	**92,923**	145,195
Corporation tax receivable	**19,995**	21,456
Other receivable	**905,485**	297,938
Deferred tax asset (note 11)	**460,083**	455,699
	3,610,593	2,727,949

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

	2021	2020
	€	€
Amounts falling due more than one year:		
Prepayment and accrued income	**3,690,000**	3,690,000

16. Creditors: amounts falling due within one year

	2021	2020
	€	€
Trade creditors	**113,468**	120,210
Amount owed to group undertakings	**2,490,826**	2,121,744
Other taxation and social security	**62,480**	164,956
Accruals and deferred income	**953,174**	1,065,625
Lease liablilities (note 18)	**59,400**	84,634
	3,679,348	3,557,169

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements for the year ended 31 March 2021 (continued)

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

	2021	2020
	€	€
Lease liabilities (note 18)	**403,666**	619,937

18. Lease liabilities

Future minimum lease payments for :

	2021	2020
	€	€
Within one year	**60,020**	86,121
Between two and five years	**302,256**	470,470
Over five years	**105,912**	176,520
	468,188	733,111

The present value of minimum lease payments is analysed as follows:

	2021	2020
	€	€
Within one year	**59,400**	84,634
Between 1-5 years	**298,953**	446,663
Over 5 years	**104,713**	173,274
	463,066	704,571

	€
At 1 April 2020	**704,571**
Interest expense	**8,094**
Lease payments	**(133,406)**
Lease cancellation	**(116,193)**
At 31 March 2021	**463,066**

Notes to the financial statements for the year ended 31 March 2021 (continued)

19. Called up share capital

	2021	2020
	€	€
Authorised		
800,000 (2020: 800,000) Ordinary £1 shares	**1,229,067**	1,229,067
Allotted, called up and fully paid		
800,000 (2020: 800,000) Ordinary £1 shares	**1,229,067**	1,229,067

20. Dividends

	2021	2020
	€	€
Equity - Ordinary		
Final dividend for the year of €0.238 per £1 share (2020: €0.489 per £1 share)	**190,400**	391,026

The directors have proposed a final dividend for the year ended 31 March 2021 of €0.00 per share that is a total of €0.00. This dividend has not been accounted for within the current year financial statements as it has yet to be approved.

21. Financial commitments

At 31 March the Company had commitments under other non-cancellable operating leases as follows:

	2021	2020
Commitments under leases expiring :	**Land and buildings**	Land and buildings
	€	€
Within one year	**7,801**	10,536
Within two to five years	**-**	-
	7,801	10,536

22. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

Notes to the financial statements for the year ended 31 March 2021 (continued)

23. Controlling parties

The immediate parent undertaking is Stanley Electric Holding Europe Co.,Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking and controlling party is Stanley Electric Co., Limited, a company incorporated in Japan.

Stanley Electric Co., Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 March 2021. The consolidated financial statements of Stanley Electric Co., Limited. are available from Stanley Electric Co., Ltd., 2-9-13 Nakameguro, Meguro-Ku, Tokyo, 153-8636, Japan.