

OKI Europe Limited

Report and Financial Statements

31 March 2021

Company Information

Directors

A Ogasawara
K Kawahara
S Ogasawara
T Takasawa
T Hagiwara
M Gobbato

Company number

2203086

Registered Office

Blays House
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Independent Auditors

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Chartered Accountants and Statutory Auditors
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Strategic Report

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

Principal activities

OKI Europe Limited (“OEL”) serves the printing and imaging markets, with a strong focus on the business-to-business market, where it is a major vendor in the information technology market for printing devices. OEL’s portfolio includes toner-based single and multifunction printers, serial dot matrix printers, and related supplies, software utilities and solutions. OEL owns and develops most of the technology associated with its LED toner and impact dot matrix products and their supplies. OEL also is active in providing managed print services (“MPS”) and document management solutions.

Significant transactions in the year ended 31 March 2021

During the year, group restructuring was undertaken to improve efficiencies and streamline processes in sales, customer service and back operations. Please refer to note 5 for further details on restructuring costs.

Review of the business

The market opportunity in the year end 31 March 2021 for printing hardware in the LED/laser in EMEA was approximately 10.9 million units (2020: 11.6 million units) which is a decline of approximately 4.7% from 31 March 2020. This opportunity included printers and multifunction devices as well as a shrinking base of stand-alone copiers and fax machines whose functionality is increasingly integrated into multifunction devices.

Consolidated OEL net revenue in the financial year to 31 March 2021 was €223million, a 26% contraction compared with the prior year of €301million. The total market share decline was approximately 0.36% in units and 0.34% in value, OEL’s relative decline is due to restructuring within Europe and due to our relative strength in segments such as Single Impact Dot Matrix (SIDM) where the decline is greater. In the year ending 31 March 2021, the EMEA market shrank by around 540,000 units (2020: 600,000 units) or 4.7% (2020 declined by 4.7%). The major market size decline comes from particularly low-end colour devices which are as high as 691,000 units or 6.3%, a sector of the market in which OEL is not active and is not OEL’s strategic focus. In addition, colour LED/Laser segments in the higher speed bracket (21-68 ppm), where OEL has been actively expanding its portfolio, decreased in volume during the year 31 March 2021 by 13.9% (2020: +1.3%). OEL has an important role in this particular colour LED/Laser product segment where OEL is focusing on finding the most profitable niches through printing specialisation and vertical approach.

For OEL, year ended 31 March 2021 marked the continuation of the efforts to develop key account business and extend distribution channels to speed the transition to selling products designed for higher value professional and industrial sectors, supported by imaging solutions for vertical markets and Managed Print Services, which all are consistent and continuous efforts from previous year and in line with OEL corporate strategic direction and objective.

The shift to shared multifunction devices and to print service contracts strengthens the business of copier vendors more than that of printer vendors. Shipments of printer-based devices declined by 8.1% year-on-year in terms of volume.

OEL’s colour A3 devices market share is 27% (2020 29%) in the printer-based engine segment. Demand for all A4 laser devices declined year on year by 2.7 % (2020 -5%) with the continuation of long-term trends to multifunctional equipment from single function and from mono to colour continues.

The company’s focus on higher value products, commercial printing and business customers means that it does not participate in the low-end toner market.

Because of the challenging market and competitive conditions across EMEA, total hardware net revenue reduction was 38.7%. A challenging global market has impacted margins, however OEL looks forward to the future with confidence and will be introducing new product ranges and focusing on higher value vertical industries.

The directors use its key financial and performance indicators of the group to be Turnover & Operating Profit before exceptional items whilst closely monitoring Operating (Selling and General Administration) expenses. As at 31 March 2021 the company net sales were €223,367K which was a decline of 25.9% vs 2020. A gross margin of 33% was achieved compared with 31% in 2020. Operating expense were €66,898K (2020:€89,398K)

Strategic Report (continued)

Principal risks and uncertainties

The principal risks facing the group are broadly grouped as competitive, legislative and financial risk management.

Market conditions

Levels of business activity will vary for each of the markets in which the OKI Europe Limited (OEL) group operates, but ultimately this is dependent on factors such as economic cycles, consumer confidence and growth of the economy. A weak economy could affect the level of customer spending on the group's services.

Competitive pressures

The group operates in a number of highly competitive markets with differing characteristics. Market share could be affected by the emergence of new competitors, product distribution issues, quality, and reputation.

Customers

The group must maintain its ability to continue to provide an innovative service to its customer base and develop in a profitable way in an increasingly price sensitive market.

Financial risk management

The group's principal financial instruments comprise cash, short-term deposits and borrowings, the main purpose of which is to provide finance for its normal operations and to reduce the impact of currency exchange rate movements on trading results.

The group has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

The main risks arising from the group's financial instruments are interest rate risk, foreign currency risk and liquidity risk. The group has clear policies for managing each of these risks, as summarised below.

Interest rate risk

The group holds cash balances on floating rate short-term deposit and maintains borrowings, where this is considered to be commercially appropriate. The group's policy is to monitor the level of these balances to ensure that funds are available as required recognising that interest earnings will be subject to interest rate fluctuations.

Foreign currency risk

The group buys and sells goods denominated in currencies other than sterling. The group manages receipts and payments through the operation of other denominated currency bank accounts. As a result of the value of the group's non-euro revenues, purchases, financial assets and liabilities, cash flows can be affected by movements in exchange rates.

The group seeks to mitigate its exposure to currency movements by matching assets and liabilities and by leading and lagging payments and receipts.

Liquidity risk

The group aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets.

Strategic Report (continued)

Creditor payment policy and practice

It is the group policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, providing that all trading terms and conditions have been complied with.

Brexit Risk

The UK left the EU on 31 January 2020 and entered a transition period that preserved most UK EU arrangements until the end of December 2020. There was, therefore, no impact on the business until the end of the transition period. The group's assessment remains that even after the transition period, Brexit has no significant long-term impact on its business.

Coronavirus risk

On 11 March 2020 the World Health Organisation declared the coronavirus a pandemic. While the longer-term impact of the coronavirus on the group remains uncertain the impact on the net profit of the business is limited. Although revenue has significantly decreased in the year, the company has taken mitigation actions to limit the impact. In finalising the results for the year ended 31 March 2021 the directors evaluated provisions for working capital items such as trade debtors and stocks and were satisfied these were appropriate. The group continues to monitor the impact of the coronavirus on the ability to continue as a going concern.

Governance

The group complies with the governance guidelines set by OKI Electric Industry Co., Ltd., the ultimate parent undertaking of OEL. The internal audit function at OEL carries out audits in conjunction with the guidelines issued by the internal audit division of the parent company.

Section 172 statement

The following disclosure describes how the Directors had regard to the matters set out in section 172(1) (a) to (f) and forms the Directors' statement required under the Companies Act 2006.

Customers

The group works closely with customers to understand their evolving needs in order to improve and adapt to meet them. The digital transformation in which everything is connected continues to rapidly expand and OKI can only achieve sustainable growth by helping solve problems through co-creation with customers.

The Board receive regular updates regarding customer relationships, development and engagement, including customer feedback and complaints data. Investment and innovation to meet customer expectations and further strengthen relationships is a key consideration of the group's strategy. The group remains committed to improving customer experience by setting targets for priority issues and incorporating sustainable goals into corporate management to tackle global social issues.

Suppliers

The group's suppliers are fundamental to ensuring that the group meets the high standards of conduct which are expected by key stakeholders. The group's main supplier is its parent company which is based in Japan.

There is active supplier management including contingency planning. The group uses OKI Group Procurement Policies which sets out the standards to which suppliers engaging with OKI must apply.

The Board receives updates regarding material developments in key supplier relationships, including updates through internal audit and risk management.

Strategic Report (continued)

Employees

The group's long-term success is based on the commitment of the workforce to the group's purpose and demonstrating OKI values on a daily basis. To maintain a competitive advantage and meet the demands of the commercial environment, employees are adaptive and have a constantly evolving skill base.

Engagement with employees is essential to ensure the group fosters an environment that the workforce is motivated to work in and that best supports their wellbeing. Colleagues have opportunities for personal development and career progression, a culture of inclusion and diversity, compensation and benefits, and the ability to make a difference within the group. The employees have a crucial role in delivering the group's strategy and creating value.

The "Employee involvement" section of the Directors' report on Page 6 explains how the group engages with employees. Employees are provided information that is of concern to them, including business and financial performance updates which are provided by senior management. Colleagues are encouraged to share their views on all matters with senior management.

Shareholders

The Board is committed to openly engage with our shareholders, as we recognise the importance of a continuing effective dialogue.

The senior management participates in regular engagement with OKI Electric Industry Co.,Ltd management where the group's operational and financial performance, strategic plans, risks and opportunities are reviewed. Challenges are raised and addressed by management ahead of approval.

Senior management provide regular operational and financial performance communications such as monthly trading results to OKI Electric Industry Co.,Ltd.

Community and Environment

The group's vision is to create positive change for people and communities with which we interact. Sustainability is crucial, and communities expect the group to provide means to minimise waste, reduce carbon emission, ethical resource circulation, biodiversity conservation and prevention of pollution.

Realisation of low-carbon societies

The aim is to maximise energy efficiency across business operations, while reducing energy consumption and achieving low-carbon societies by continuously providing environmentally friendly products and services.

Prevention of pollution

To reduce the emission of chemical substances that can adversely affect the health of individuals and cause damage to the environment.

Resource circulation

The group has been working to increase the volume of products which can be recycled by 25%. In addition, OEL is looking to expand the recycling of waste materials, while actively promoting environmentally friendly designs.

Biodiversity conservation

The group engages in conservation and sustainable use of biodiversity to help the prevention of global warming and prevention of air and water pollution caused by chemical substances, while further expanding recycling processes.

Outcomes

The group has been successful in increasing reuse and recycling of products, conserving resources and energy, and simplifying waste processing. The group continues to work towards achieving their sustainable development goals.

Strategic Report (continued)

Community and Environment (continued)

In all aspects of business activities, OEL seeks to respect basic human rights, and discourage any language that discriminates against anyone or fails to acknowledge the personal dignity of any individual. The group also takes a zero-tolerance approach to bribery and corruption and is dedicated to acting professionally, fairly and with integrity in all business dealings and relationships.

Going concern

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposure to liquidity and cash flow risk are described in the Business review within the strategic report.

The group recorded a net loss of €4,871k (2020 profit: €2,446k) for the year and shows a closing shareholders' funds of €23,777k (2020: €31,418k) at 31 March 2021.

The Directors are satisfied that the group's parent undertaking, OKI Electric Industry Co., Ltd, could provide financial support to Oki Europe Limited if required as at 31 March 2021. The group has received confirmation from OKI Electric Industry Co., Ltd that it will continue to provide financial support as long as required and at least a period of 12 months from signing the financial statements.

Given the coronavirus pandemic the Directors have also considered the impact if future trading results do not meet projections. A range of sensitivity scenarios have been modelled considering potential downside impacts on the business. Should results fall short of projections, the Directors have identified a number of mitigating actions and plans to access financial support from the parent company that could be instigated to enable the Group to continue to meet its obligations as they fall due for the foreseeable future.

After making appropriate enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider it is appropriate to adopt the going concern basis in preparing the financial statements.

On behalf of the Board



S Ogasawara

Director

3 September 2021

Directors' Report

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements, unless otherwise indicated, were as follows:

T Takasawa

S Ogasawara

A Ogasawara

T Hagiwara

M Gobbato

K Kawahara

(Appointed 1 April 2020)

Directors' insurance

The group has entered into directors' liability insurance arrangements for the benefit of the company and all of its directors in a form and scope which comply with the requirements of the Companies Act 2006.

Disabled employees

It is the group's policy to give full consideration to suitable applications for employment from disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the group who become disabled to continue their employment or be trained for other positions in the group.

Employee involvement

The group is committed to involving all employees in the performance and development of the group. Employees are encouraged to discuss with management matter of interest to the employee and subjects affecting day to day operations of the group. Employees participate in regular Town Hall meetings where they receive updates and have the opportunity to provide feedback to senior management. Where appropriate, such meetings involve financial and economic factors affecting the performance of the company. OEL's goal is to create health and safety practices and work environments which promote employee health and well-being.

The group believes that a diverse workforce reflects the demographics of the market in which the group operates and encourages creativity and innovation. creates a corporate culture in which its personnel are encouraged to engage challenges facing the group with courage and determination.

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Stakeholder engagement

The Directors' principal decisions taken during the financial year, along with their commitment to fostering the group's business relationships with stakeholders are summarised in Section 172 statement in the Strategic report.

Charitable contributions

The group made charitable donations during the year of €18,620 (2020 - €18,760).

Directors' Report (continued)

Exceptional items

During the year, the exceptional expense incurred as part of group restructuring was €13,053k (2020 income – €246k).

Streamlined Energy and Carbon Reporting

To comply with SECR, the company has reported on all of the emission sources required under the The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. This includes emissions from the first year in which we fell into scope of the scheme (Annual report 21). The primary sources of emissions relate to electricity consumption and Staff leased vehicles.

OKI Europe Limited energy usage for the year ended 31 March 2021	2021
Energy consumption used to calculate emissions/kWh	183,921
Emission from combustion of fuel for transport purposes tCO ₂ e (Scope 1)	28.48
Emission in metric tonnes CO ₂ e- Purchased electricity (Scope 2)	39.05
Intensity measurement ratio - TCO ₂ e/sales revenue	0.00030
Intensity metric: Sales revenue €'000	223,367

SECR Methodology

To comply with SECR, the company has reported on all the emission sources required under the The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. This includes emissions from the first year in which we fell into scope of the scheme (Annual report 21).

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per total €m sales revenue.

Reducing our impact: Minimising our carbon energy footprint:

The management will consider the environmental impact of renewing its assets (leased vehicles and IT equipment) when they are due for renewal.

Result and dividends

The results for the year are set out on page 14. No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Financial risk management

In accordance with the Companies Act 2006, information on the financial risk management objectives and policies of the company and exposure of the company to risk in relation to the use of financial instruments which would otherwise be required to be contained in the directors' report has been included in the company's strategic report.

Directors' Report (continued)

Branches outside the UK

The company has branches outside the United Kingdom in the following countries:

1. Germany
2. Netherlands (deregistered on 28 April 2021)
3. Belgium (deregistered on 31 May 2021)
4. Austria
5. Switzerland
6. Italy
7. France
8. Poland
9. Czech Republic
10. United Arab Emirates
11. Portugal
12. Spain
13. Denmark
14. Finland (deregistered on 27 July 2021)
15. Sweden
16. Norway
17. Ireland (deregistered on 1 June 2021)
18. Hungary (deregistered on 10 August 2021)
19. Ukraine (Representative office) – Under liquidation

Key Performance Indicators

The group's key performance indicators are as follows:

	2021	2020	Change
	€'000	€'000	%
Turnover	223,367	301,268	-25.9
Operating Profit before exceptional items	7,499	3,930	91

Please refer to the KPI commentary in the strategic report page number 1.

Future developments

The convergence of printing, copying, scanning and faxing into one device is still accelerating. It creates the opportunity for printer-based product vendors such as OKI to replace traditional, expensive to maintain, centralised copiers.

Pages printed in general business are mostly A4, meaning that the majority of devices do not need to support larger paper formats, saving space, cost and energy. The integration of print/copy/fax/scan capabilities, improved energy efficiency and the transition to colour are core OKI strengths and the company sees potential to grow colour page revenue and profit. The expectation to be able to work from any device, in any location, at any time is driving the widespread adoption of tablets and Smart devices within business.

This demand for flexible working, combined with more sources of digital content such as emails, photographs, videos, document and image scans, is putting pressure on companies to take better control of data. Many businesses customers with long experience of OKI are turning to us to help them find solutions for managing documents, implementing secure printing and controlling costs. To this end, OEL is working to provide a suite of output solutions through independent software vendors who are able to take advantage of the open architecture embedded in our Smart multifunction devices.

Directors' Report (continued)

Future developments (continued)

In parallel, OKI now more focuses on the products and solutions to target specific usages on Industrial verticals. The migration of traditional commercial high-volume printing to digital short-run is driven by the need for customised output using variable data. Digital colour printing is quick and inexpensive to set up and easy to change, unlike traditional analogue printing technologies. The company sees a huge opportunity in serving these digital industries in the future, to complement sales to the office equipment market.

In addition to the above, OKI will strive to become much more customer centric, understanding vertical industry customer needs and addressing those with best-in-class products and solutions. Retail, healthcare, financial sector and education are all market sectors possessing specific high volume – high coverage printing requirements and are representative of some of the key industries that OKI go to market will focus on.

OKI also plans to develop strong business relationships with partners (Value Added Resellers and System Integrators) and to foster a network of alliances with key, established market players. We strongly believe that OKI is best positioned to serve the needs of those customers through a vast array of products and services backed by OKI's unique LED toner-based colour printing technology and best in class quality and reliability.

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 group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group 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 102 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 group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' Report (continued)

Directors' Confirmations

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 group's and 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 group's and company's auditors are aware of that information.

On behalf of the Board



S Ogasawara

Director

3 September 2021

Independent auditors' report to the members of OKI Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, OKI Europe Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2021 and of the group's and company's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Report and Financial Statements (the "Annual Report"), which comprise: the Group and Company Statements of Financial Position as at 31 March 2021; the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Cash Flows and the Group and Company Statements 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 group 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 group's and 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 group's and 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.

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.

Independent auditors' report to the members of OKI Europe Limited (continued)

Reporting on other information (continued)

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 group and company and their 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 in respect of the financial statements, 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 group's and 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 group or 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 OKI Europe Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, Bribery Act and data protection requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 journal entries to improve results. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations, bribery and fraud.
- Reviewing the legal expense listings for any unusual expenses.
- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.
- Testing a sample of journal journals to supporting evidence;
- Perform substantive procedures over tax provisions and disclosures.

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Hannes Verwey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
3 September 2021

Group Income Statement

For the year ended 31 March 2021

	Note	2021 €000	2020 €000
Turnover	3	223,367	301,268
Cost of Sales		(148,975)	(207,940)
Gross Profit		74,392	93,328
Distribution costs		(37,452)	(57,219)
Administrative expenses		(28,106)	(31,639)
Other operating expenses		(1,335)	(540)
Operating profit before exceptional items	4	7,499	3,930
Exceptional (expense)/income	5	(13,053)	246
Operating (loss)/profit		(5,554)	4,176
Interest receivable and similar income	9	187	293
Interest payable and similar expenses	10	(103)	(270)
(Loss)/profit before taxation		(5,470)	4,199
Tax on profit or loss	11	599	(1,753)
(Loss)/profit for the financial year		(4,871)	2,446

(Loss)/profit for the financial year and the previous financial year is all attributable to the owners of the parent company.

Group Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 €000	2020 €000
(Loss)/profit for the financial year		(4,871)	2,446
Other comprehensive (expense)/income:			
Actuarial loss on defined benefit pension schemes	20	(3,581)	(1,829)
Currency translation differences		811	(910)
Other comprehensive expense for the year		(2,770)	(2,739)
Total comprehensive expense for the year		(7,641)	(293)

Total comprehensive income for the year is all attributable to the owners of the parent company.

Group Statement of Financial Position**As at 31 March 2021**

		2021		2020 restated	
	Note	€000	€000	€000	€000
Fixed assets					
Tangible assets	13		727		1,091
Intangible assets*	14		13,012		7,911
Investments	15		-		175
			<u>13,739</u>		<u>9,177</u>
Current assets					
Stocks	16	26,308		33,417	
Debtors	17	21,335		24,884	
Defined benefit pension asset	20	14,628		18,694	
Cash at bank and in hand	25	22,533		24,678	
			<u>84,804</u>	<u>101,673</u>	
Creditors: Amounts falling due within one year	18	(56,639)		(65,555)	
Net current assets			<u>28,165</u>		<u>36,118</u>
Total assets less current liabilities			<u>41,904</u>		<u>45,295</u>
Provisions for liabilities	19		(18,127)		(12,916)
Defined benefit pension liability	20		-		(961)
Net assets			<u>23,777</u>		<u>31,418</u>
Capital and reserves					
Called up share capital	21		141,366		141,366
Share premium account			25,816		25,816
Other reserves	22		224,632		224,632
Profit and loss account			(368,037)		(360,396)
Total Equity			<u>23,777</u>		<u>31,418</u>

*Please see note 14 for the details of the intangible asset restatement

The financial statements on pages 14 to 47 were approved by the Board of Directors and authorised for issue on 3 September 2021 and are signed on its behalf by:



S Ogasawara
Director

Company Statement of Financial Position

As at 31 March 2021

		2021		2020 restated	
	Note	€000	€000	€000	€000
Fixed assets					
Tangible assets	13		707		1,017
Intangible assets	14		13,012		7,911
Investments	15		5,527		5,702
			<u>19,246</u>		<u>14,630</u>
Current assets					
Stocks	16	25,958		32,736	
Debtors	17	21,191		24,364	
Defined benefit pension asset	20	14,628		18,694	
Cash at bank and in hand	25	22,197		23,673	
			<u>83,974</u>	<u>99,467</u>	
Creditors: Amounts falling due within one year	18	(64,757)		(73,912)	
			<u>19,217</u>	<u>25,555</u>	
Net current assets			<u>19,217</u>	<u>25,555</u>	
Total assets less current liabilities			<u>38,463</u>	<u>40,185</u>	
Provisions for liabilities	19		(18,027)	(12,711)	
Defined benefit pension liability	20		-	(961)	
Net assets			<u>20,436</u>	<u>26,513</u>	
Capital and reserves					
Called up share capital	21		141,366	141,366	
Share premium account			25,816	25,816	
Other reserves	22		231,496	231,496	
Profit and loss account			(378,242)	(372,165)	
Total Equity			<u>20,436</u>	<u>26,513</u>	

*Please see note 14 for the details of the intangible asset restatement

The company's loss for the year ending 31 March 2021 was €3,351k (2020 profit: €2,206k).

The financial statements on pages 14 to 47 were approved by the Board of Directors and authorised for issue on 3 September 2021 and are signed on its behalf by:



S Ogasawara
Director

Group Statement of Changes in Equity

For the year ended 31 March 2021

	Called up Share Capital	Share premium account	*Other reserve - Capital contribution	Profit and loss account	Total equity
	€000	€000	€000	€000	€000
Balance at 1 April 2019	141,366	25,816	224,632	(360,103)	31,711
For the year ended 31 March 2020					
Profit for the financial year	-	-	-	2,446	2,446
Other comprehensive expense:					
Actuarial loss on defined benefit plans	-	-	-	(1,829)	(1,829)
Currency translation differences on overseas subsidiaries & branches	-	-	-	(910)	(910)
Total comprehensive expense for the year	-	-	-	(293)	(293)
Balance at 31 March 2020	141,366	25,816	224,632	(360,396)	31,418
For the year ended 31 March 2021					
Loss for the financial year	-	-	-	(4,871)	(4,871)
Other comprehensive (expense)/income:					
Actuarial loss on defined benefit plans	-	-	-	(3,581)	(3,581)
Currency translation differences on overseas subsidiaries & branches	-	-	-	811	811
Total comprehensive expense for the year	-	-	-	(7,641)	(7,641)
Balance at 31 March 2021	141,366	25,816	224,632	(368,037)	23,777

*Refer to note 22 for details of other reserves.

Company Statement of Changes in Equity

For the year ended 31 March 2021

	Called up Share capital	Share premium account	*Other reserve - Capital contribution	*Other reserve - Merger reserve	Profit and loss account	Total equity
	€000	€000	€000	€000	€000	€000
Balance at 1 April 2019	141,366	25,816	224,632	6,864	(372,399)	26,279
For the year ended 31 March 2020						
Profit for the financial year	-	-	-	-	2,206	2,206
Other comprehensive expense:						
Actuarial loss on defined benefit plans	-	-	-	-	(1,829)	(1,829)
Currency translation differences on overseas subsidiaries	-	-	-	-	(143)	(143)
Total comprehensive income for the year	-	-	-	-	234	234
Balance at 31 March 2020	141,366	25,816	224,632	6,864	(372,165)	26,513
For the year ended 31 March 2021						
Loss for the financial year	-	-	-	-	(3,351)	(3,351)
Other comprehensive (expense)/income:						
Actuarial loss on defined benefit plans	-	-	-	-	(3,581)	(3,581)
Currency translation differences on overseas branches	-	-	-	-	855	855
Total comprehensive expense for the year	-	-	-	-	(6,077)	(6,077)
Balance at 31 March 2021	141,366	25,816	224,632	6,864	(378,242)	20,436

*Refer to note 22 for details of other reserves.

Group Statement of Cash Flows

For the year ended 31 March 2021

		2021		2020	
	Note	€000	€000	€000	€000
Cash flows from operating activities					
Cash generated from operations	25		2,775		9,246
Income taxes received/(paid)			447		(1,253)
Net cash inflow from operating activities			<u>3,222</u>		<u>7,993</u>
Investing activities					
Purchase of fixed assets		(5,732)		(4,952)	
Proceeds on disposal of fixed assets		126		47	
Proceeds on disposal of Investments		186		-	
Interest received		187		293	
Net cash used in investing activities			<u>(5,233)</u>		<u>(4,612)</u>
Financing activities					
Interest paid		(103)		(270)	
Net cash used in financing activities			<u>(103)</u>		<u>(270)</u>
Net (decrease)/increase in cash and cash equivalents			<u>(2,114)</u>		<u>3,111</u>
Cash and cash equivalents at beginning of year			24,678		21,840
Exchange gain/(loss) from cash and cash equivalents			(31)		(273)
Cash and cash equivalents at end of year			<u>22,533</u>		<u>24,678</u>

Notes to the Financial Statements

1. Accounting policies

Company information

OKI Europe Limited (“the company”) is a limited company domiciled and incorporated in United Kingdom. The company is a private company limited by shares. The registered office is Blays House, Wick Road, Englefield Green, Egham, Surrey, TW20 0HJ.

The group consists of OKI Europe Limited and all of its subsidiaries (refer to note 15).

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

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

The financial statements are prepared in Euros, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest €000.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 ‘Statement of Financial Position’ - Reconciliation of the opening and closing number of shares;
- Section 7 ‘Statement of Cash Flows’ - Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’
- Section 33 ‘Related Party Disclosures’ - Compensation for key management personnel.

Okidata Europe B.V, a wholly owned subsidiary of OKI Europe Limited, has been exempt from audit by virtue of S479A of Companies Act 2006.”

There were two prior year restatements made, one in relation to the disclosure of turnover by class of business which was omitted in prior year (note 3) and the other regarding the reclassification of software costs from tangible assets to intangible assets. In the current year it was determined that capitalised software was not previously recognised under the intangible asset heading in the statement of financial position as required by FRS102, but rather included within tangible assets and therefore the comparative figures have been restated for consistency. This has resulted in an understatement in the intangible asset comparative figure by €7,911,000 (for both the group and company) that was offset by an equal overstatement of tangible assets. The change did not have an impact on statement of changes in equity, statement of comprehensive income or opening equity.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company’s loss for the year was €3,351k (2020 profit: €2,206k).

1.2 Basis of consolidation

In the parent company financial statements the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.2 Basis of consolidation (continued)

Provisional fair values recognised for business combinations in previous years are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of OKI Europe Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Intra-group cross border mergers were accounted for using hybrid merger accounting principles prospectively from the date on which the company takes control of the underlying trade and assets with the subsequent dissolution of the subsidiaries. The difference between the value of the net assets acquired and the previous cost of investment in the subsidiary undertaking is taken to 'merger reserves' and is shown as part of equity in the company's financial statements.

Following the transfer of assets, the transferred businesses became European branches of OEL and only the post-merger profits are recognised in OEL's separate financial statements. Comparatives are not restated.

1.3 Going concern

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposure to liquidity and cash flow risk are described in the Business review within the strategic report.

The group recorded a net loss of €4,871k (2020 profit: €2,446k) for the year and shows a closing shareholders' funds of €23,777k (2020: €31,418k) at 31 March 2021.

The Directors are satisfied that the group's parent undertaking, OKI Electric Industry Co., Ltd, could provide financial support to Oki Europe Limited if required as at 31 March 2021. The group has received confirmation from OKI Electric Industry Co., Ltd that it will continue to provide financial support as long as required and at least a period of 12 months from signing the financial statements.

Given the coronavirus pandemic the Directors have also considered the impact if future trading results do not meet projections. A range of sensitivity scenarios have been modelled considering potential downside impacts on the business. Should results fall short of projections, the Directors have identified a number of mitigating actions and plans to access financial support from the parent company that could be instigated to enable the Group to continue to meet its obligations as they fall due for the foreseeable future.

After making appropriate enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider it is appropriate to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The following criteria must also be met before revenue is recognised:

Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Provision is made for credit notes for returns, rebates and promotional discounts to be given.

Rendering of services

Revenue from service contracts, including warranty contracts, is recognised over the period of the contract. Where invoices are raised in advance, the revenue is deferred as a liability and recognised as revenue over the period it relates to. Where the invoice is raised in arrears, revenue from services provided but not yet invoiced are recognised on an accrued basis.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Assets are not depreciated until commissioned.

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

Leasehold improvements	Over 3 to 10 years
Plant and equipment	Over 3 to 10 years
Non-commissioned assets	No depreciation

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

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

1.6 Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software	Over 3 to 5 years
----------	-------------------

Amortisation is included in 'administrative expenses' in the profit and loss account. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.9 Financial instruments (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

1.10 Equity Instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.12 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, considering the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the year it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Defined benefit pension schemes

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities of the group's defined benefit pension schemes expected to arise from employee service in the year is charged to operating profit.

The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in interest payable. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised on the balance sheet.

Defined contribution pension schemes

Amounts charged to profits represent the contribution payable to the schemes in the year.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

1.15 Foreign Exchange

Transactions in currencies other than Euros are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the year.

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

1.16 Exceptional cost

The Group has adopted an accounting policy and income statement format that seeks to highlight significant items of income and expense within Group results for the year. The Directors believe that this presentation provides a more helpful analysis as it highlights one-off items. Such items may include significant restructuring costs, profits or losses on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of assets and unforeseen gains/ losses arising on derivative instruments. The Directors in assessing the particular items, which by virtue of their scale and nature are disclosed in the income statement and related notes as exceptional items, use judgement.

2. Judgements and key sources of estimation uncertainty

The preparation of the 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.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality. The mortality rate is based on publicly available mortality tables for the specific country and updated to reflect mortality investigations where deemed necessary. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 20.

Trade and other debtors

Trade debtors and other debtors are initially recognised at the transaction price and subsequently measured using the amortised cost method which uses the effective interest method. At each balance sheet date, the directors assess trade and other debtors for evidence of indicators of impairment and where the directors conclude that amounts in respect of trade and other debtors are not recoverable, a specific bad debt provision is recognised.

Notes to the Financial Statements (continued)

2. Judgements and key sources of estimation uncertainty (continued)

Taxation

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits. Further details are contained in note 11 and 12.

3. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's principal activity, which is continuing and stated net of value added tax.

The group operates within three geographical markets, the United Kingdom, the rest of European Community and Non- European Community countries.

Turnover analysed by geographical market

	2021	2020
	€000	€000
United Kingdom	41,049	37,138
European Community	146,323	210,228
Non-European Community	35,995	53,902
	<u>223,367</u>	<u>301,268</u>

Turnover analysed by class of business

	2021	2020
	€000	(restated)
		€000
Sale of goods	206,567	278,562
Rendering of services	16,800	22,706
	<u>223,367</u>	<u>301,268</u>

The turnover analysed by class of business is a restatement from prior year as this disclosure was omitted from the financial statements as at 31 March 2020 (comparative year).

4. Operating Profit before exceptional Items

	2021	2020
	€000	€000
Operating Profit before exceptional items for the year is stated after charging/(crediting):		
Exchange losses	1,034	289
Market research costs	76	380
Depreciation and amortisation of owned fixed assets	871	1,235
Cost of stocks recognised as an expense	147,792	208,408
Stock impairment losses recognised or reversed	1,183	(468)
Operating lease charges	4,007	4,460
	<u>147,792</u>	<u>208,408</u>

Notes to the Financial Statements (continued)

5. Exceptional (Expense)/Income

	2021	2020
	€000	€000
Personnel redundancy costs	(11,990)	(1,128)
Termination of leases	(144)	(54)
Legal and consultancy fees	(711)	(189)
Other severance costs	(216)	(114)
Liquidation cost (professional fees etc.)	-	43
Legal settlement received	-	1,680
Write-off of net assets of entities being liquidated	8	8
	<u>(13,053)</u>	<u>246</u>

6. Auditors' remuneration

	2021	2020
	€000	€000
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the group and company	796	831
Audit of the company's subsidiaries & branches	71	38
	<u>867</u>	<u>869</u>
For other services		
Other assurance services	74	-
Tax related services	112	-
Pension related services	-	31
	<u>186</u>	<u>31</u>

7. Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2021	2020
	Number	Number
Administration	150	173
Sales and marketing	186	229
Warehouse and distribution	8	11
Service	54	71
	<u>398</u>	<u>484</u>

Their aggregate remuneration comprised:

	2021	2020
	€000	€000
Wages and salaries	26,428	33,718
Social security costs	4,136	5,851
Other pension costs	1,504	1,747
	<u>32,068</u>	<u>41,316</u>

The amount of Wages, salaries and others include redundancy cost of €272k (2020: €803k).

Notes to the Financial Statements (continued)

8. Directors' remuneration

	2021	2020
	€000	€000
Remuneration for qualifying services	1,106	789
Company pension contributions	14	11
	<u>1,120</u>	<u>800</u>

There were four (2020 – four) directors eligible for the defined benefit and defined contribution company pension scheme.

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021	2020
	€000	€000
Remuneration for qualifying services	287	282
Company pension contributions	2	3
	<u>2</u>	<u>3</u>

9. Interest receivable and similar income

	2021	2020
	€000	€000
Interest income		
Interest on bank deposits	9	44
Other interest income	8	16
Net return on retirement benefit	170	233
	<u>187</u>	<u>293</u>

10. Interest payable and similar expenses

	2021	2020
	€000	€000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1	1
Interest payable to group undertakings	70	262
	<u>71</u>	<u>263</u>
Other finance costs:		
Other interest	32	7
	<u>32</u>	<u>7</u>
Total finance costs	<u>103</u>	<u>270</u>

Notes to the Financial Statements (continued)

11. Tax on profit

11a. Tax on profit

The tax charge is made up as follows:

	2021	2020
	€000	€000
Current tax		
UK corporation tax on profits of the year	-	11
UK tax over provided in previous years	(1)	(84)
Withholding tax suffered	223	-
Foreign tax	(40)	1,521
Foreign tax under provided in previous years	(854)	(386)
Total current tax	<u>(672)</u>	<u>1,062</u>
Deferred tax		
Origination and reversal of timing differences	96	345
Changes in recoverable amounts of deferred tax assets	(23)	346
Total deferred tax	<u>73</u>	<u>691</u>
Total tax charge	<u>(599)</u>	<u>1,753</u>

11b. Factors affecting the total tax charge:

	2021	2020
	€000	€000
(Loss)/profit before tax	<u>(5,470)</u>	<u>4,199</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(1,039)	798
Effects of:		
Expenses not deductible for tax purposes	399	92
Tax over provided in previous years	(855)	(470)
Higher rates on overseas earnings	-	6
Unrelieved foreign tax	(80)	1,274
Changes in recoverable amounts of deferred tax assets	(23)	346
Movements in other unrecognised deferred tax	776	(293)
Withholding tax suffered	223	-
Tax on profit	<u>(599)</u>	<u>1,753</u>

Notes to the Financial Statements (continued)

11. Tax on profit (continued)

11c. Tax included in group statement of total other comprehensive income

The tax charge is made up as follows	2021	2020
	€000	€000
Deferred tax	(766)	128
	<u> </u>	<u> </u>

12. Deferred taxation

Group

The deferred tax included in the balance sheet is as follows:

	2021	2020
	€000	€000
Included in other debtors in relation to defined benefit pension (note 17)	-	222
Included in provision for liabilities (note 19)	(2,780)	(3,553)
	<u> </u>	<u> </u>
	(2,780)	(3,331)
	<u> </u>	<u> </u>

Total deferred tax assets and (liabilities) are as follows:

	Recognised		Unrecognised	
	2021	2020	2021	2020
Group	€000	€000	€000	€000
Tax losses	-	-	13,645	10,510
Pension	(2,780)	(3,331)	-	-
Other timing differences	-	-	16,347	16,172
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(2,780)	(3,331)	29,992	26,682
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 March 2021, management have taken the decision to not recognise all deferred tax asset balances across the Group. This de-recognition of all deferred tax assets is based upon the significance of continuing uncertainty around the impact COVID-19 will have on the Group's business operations and future profitability. Management believes that at this stage, there is insufficient evidence to suggest it is 'probable' that there will be future taxable profits available to utilise the deferred tax assets.

Notes to the Financial Statements (continued)

12. Deferred taxation (continued)

Movements in the year:	Group €000
At 1 April 2020	(3,331)
Deferred tax charge in group profit and loss account	(73)
Charge to other comprehensive income (note 20)	766
Foreign exchange differences	(142)
	<hr/>
Liability as at 31 March 2021	(2,780)
	<hr/> <hr/>

Company

The deferred tax included in the balance sheet is as follows:

	2021 €000	2020 €000
Included in provision for liabilities (note 19)	(2,780)	(3,553)
Included in other debtors in relation to defined benefit pension (note 17)	-	222
	<hr/>	<hr/>
	(2,780)	(3,331)
	<hr/>	<hr/>

	Recognised		Unrecognised	
	2021 €000	2020 €000	2021 €000	2020 €000
Company				
Losses	-	-	13,645	10,510
Pension	(2,780)	(3,331)	-	-
Other timing differences	-	-	16,276	16,008
	<hr/>	<hr/>	<hr/>	<hr/>
	(2,780)	(3,331)	29,921	26,518
	<hr/>	<hr/>	<hr/>	<hr/>

Factors that may affect future tax charges

Deferred tax assets of €29,921k (2020: €26,518k), consisting of losses and other timing differences, have not been recognised as there is insufficient evidence as to their recoverability in the foreseeable future. The assets are recoverable against future trading profits. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. The current corporation tax rate of 19% has been applied in the measurement of the deferred tax balances as at 31 March 2021.

Notes to the Financial Statements (continued)

13. Tangible assets

Group	Leasehold improvements	Plant and equipment	Non- commissioned assets	Total
	€000	€000	€000	€000
Cost				
At 1 April 2020(restated)	1,432	5,802	10	7,244
Additions	17	90	9	116
Disposals	(47)	(1,166)	-	(1,213)
Transfers	-	15	(15)	-
Exchange adjustments	(2)	(10)	-	(12)
At 31 March 2021	1,400	4,731	4	6,135
Accumulated Depreciation				
At 1 April 2020(restated)	1,158	4,995	-	6,153
Depreciation charged in the year	56	301	-	357
Disposals	(25)	(1,066)	-	(1,091)
Exchange adjustments	(2)	(9)	-	(11)
At 31 March 2021	1,187	4,221	-	5,408
Carrying amount				
At 31 March 2021	213	510	4	727
At 31 March 2020	274	807	10	1,091

Notes to the Financial Statements (continued)

13. Tangible assets (continued)

Company	Leasehold improvements	Plant and equipment	Non- commissioned assets	Total
	€000	€000	€000	€000
Cost				
At 1 April 2020(restated)	1,421	5,592	10	7,023
Additions	-	90	9	99
Disposals	(37)	(1,051)	-	(1,088)
Transfers	-	15	(15)	-
Exchange adjustments	(1)	(6)	-	(7)
At 31 March 2021	1,383	4,640	4	6,027
Accumulated Depreciation				
At 1 April 2020(restated)	1,146	4,860	-	6,006
Depreciation charged in the year	59	326	-	385
Eliminated in respect of disposals	(34)	(1,027)	-	(1,061)
Exchange adjustments	(3)	(7)	-	(10)
At 31 March 2021	1,168	4,152	-	5,320
Carrying amount				
At 31 March 2021	215	488	4	707
At 31 March 2020	275	732	10	1,017

Notes to the Financial Statements (continued)

14. Intangible assets

Group & Company	2021
	Software
Cost	€000
At 1 April 2020 (restated)	16,303
Additions	5,616
Disposals	(736)
At 31 March 2021	<u>21,183</u>
Accumulated Amortisation	
At 1 April 2020 (restated)	8,392
Amortisation charged in the year	514
Disposals	(735)
At 31 March 2021	<u>8,171</u>
Carrying amount	
At 31 March 2021	<u>13,012</u>
At 31 March 2020	<u><u>7,911</u></u>
Group & Company	2020
	Software
Cost	€000
At 1 April 2019 (restated)	12,904
Additions	4,742
Disposals	(1,343)
At 31 March 2020	<u>16,303</u>
Accumulated Amortisation	
At 1 April 2019 (restated)	9,091
Amortisation charged in the year	644
Disposals	(1,343)
At 31 March 2020	<u>8,392</u>
Carrying amount	
At 31 March 2020	<u>7,911</u>
At 31 March 2019	<u><u>3,813</u></u>

Notes to the Financial Statements (continued)

14. Intangible assets (continued)

This is a restatement made in respect of a prior year to reclassify the costs from tangible assets to intangible assets as this disclosure was omitted from the financial statements as at 31 March 2020 (comparative year). Included within the software cost is €6,567K relates to the SAP4Hana system which remains under construction and as such is a closing work in progress as at year end 31 March 2020.

In the current year it was determined that capitalised software was not previously recognised under the intangible asset heading in the statement of financial position as required by FRS102, but rather included within tangible assets and therefore the comparative figures have been restated for consistency. This has resulted in an understatement in the intangible asset comparative figure by €7,911,000 (for both the group and company) that was offset by an equal overstatement of tangible assets. The change did not have an impact on statement of changes in equity, statement of comprehensive income or opening equity.

15. Investments

	Group		Company	
	2021	2020	2021	2020
	€000	€000	€000	€000
Listed investments	-	175	-	175
Subsidiary undertakings	-	-	5,527	5,527
	<u>-</u>	<u>175</u>	<u>5,527</u>	<u>5,702</u>

Movements in investments

Group	Other listed €000
Cost or valuation	
At 1 April 2020	275
Disposals during the year	(175)
At 31 March 2021	<u>100</u>
Impairment	
At 1 April 2020 and 31 March 2021	<u>100</u>
Carrying amount	
At 31 March 2021	<u>-</u>
At 31 March 2020	<u>175</u>

Notes to the Financial Statements (continued)

15. Investments (continued)

Movements in investments

Company	Subsidiary undertakings	Other listed	Total
Cost or valuation	€000	€000	€000
At 1 April 2020	32,206	275	32,481
Additions	-	-	-
Disposals	-	(175)	(175)
At 31 March 2021	32,206	100	32,306
Impairment			
At 1 April 2020	26,679	100	26,779
Impairment	-	-	-
At 31 March 2021	26,679	100	26,779
Cost or valuation			
At 31 March 2021	5,527	-	5,527
At 31 March 2020	5,527	175	5,702

Details of the investments in which the group or company holds more than 20% of the nominal value of any class of share capital are as follows:

<i>Name of subsidiary undertaking</i>	<i>Country of registration (or incorporation) and operation</i>	<i>Registered office address</i>	<i>Nature of business</i>	<i>Proportion of ordinary shares held</i>
OKI Systems Holdings Co Limited	United Kingdom	Blays House Wick Road, Englefield Green, Egham, Surrey, TW20 0HJ	All other subsidiary undertakings are in the business of the retail distributions of printers, associated products and supplies including facsimile and other telecommunications products	100%
OKI Systems ve Yazici Cozumleri Tic. Ltd Sti.	Turkey	Bahçelievler Mahallesi, Çöre Otur Sokak No:4 B Bahçelievler, Istanbul		100%(a)
LLC "OKI Systems Rus"	Russia	Svetogor Business Center, Letnikovskaya str, 10/4 115114, Moscow, Russia		100%(b)
Oki Data Europe B.V.	Netherlands	De Riemsdijk 1, 4004 LC Tiel, Netherlands		100%

Notes to the Financial Statements (continued)

15. Investments (continued)

All of the above holdings are of ordinary shares and are held directly by OEL except for those noted below:

- a) OEL and OKI Systems Holdings Co Limited hold 50% each of OKI Systems ve Yazici Cozumleri Tic. Ltd Sti.
- b) OEL holds 99% and OKI Systems Holdings Co Limited holds 1% of LLC "OKI Systems Rus".

16. Stocks

	Group		Company	
	2021	2020	2021	2020
	€000	€000	€000	€000
Finished goods and goods for resale	26,308	33,417	25,958	32,736
	<u>26,308</u>	<u>33,417</u>	<u>25,958</u>	<u>32,736</u>

Stock recognised as an expense during the year were net of €148,975k (2020: €207,940k). The group stock impairment provision for the year was €5,258k (2020: €6,347k).

17. Debtors

	Group		Company	
	2021	2020	2021	2020
	€000	€000	€000	€000
Amounts falling due within one year				
Trade debtors	15,240	18,750	15,240	17,513
Amounts owed by group undertakings	88	92	334	1,332
Other debtors	3,997	4,292	3,639	3,793
Prepayments and accrued income	2,010	1,750	1,978	1,726
	<u>21,335</u>	<u>24,884</u>	<u>21,191</u>	<u>24,364</u>

Trade debtors are stated after provisions for impairment of €19,283k (2020: €20,768k).

Included in other debtors totalling €3,997k (2020: €4,292k) is €- (2020: €222k) in respect of pension deferred tax and €312k (2020: €384k) in respect of long-term deposits.

	2021	2020	2021	2020
	€000	€000	€000	€000
Amounts falling due after one year				
Pension asset (refer to note 20)	<u>14,628</u>	<u>18,694</u>	<u>14,628</u>	<u>18,694</u>

Notes to the Financial Statements (continued)

18. Creditors: Amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	€000	€000	€000	€000
Trade creditors	3,447	8,293	1,705	6,678
Amounts owed to group undertakings	36,282	36,623	45,178	46,917
Other creditors	5,158	7,683	5,154	7,594
Taxation and social security	189	341	180	316
Accruals and deferred income	11,563	12,615	12,540	12,407
	<u>56,639</u>	<u>65,555</u>	<u>64,757</u>	<u>73,912</u>

19. Provisions for liabilities

	Group		Company	
	2021	2020	2021	2020
	€000	€000	€000	€000
Warranty provision	4,169	6,040	4,169	5,841
Employee service provision	2,654	2,647	2,654	2,646
Deferred income	-	546	-	546
Provision for environmental costs	59	75	57	70
Provision for restructuring	8,465	55	8,367	55
	<u>15,347</u>	<u>9,363</u>	<u>15,247</u>	<u>9,158</u>
Deferred tax liabilities	<u>2,780</u>	<u>3,553</u>	<u>2,780</u>	<u>3,553</u>
	<u>18,127</u>	<u>12,916</u>	<u>18,027</u>	<u>12,711</u>

Notes to the Financial Statements (continued)

19. Provision for liabilities (continued)

	Warranty provision	Provisions for severance costs	Deferred income	Provision for environmental costs	Provision for restructuring	Total
Group	€000	€000	€000	€000	€000	€000
At 1 April 2020	6,040	2,647	546	75	55	9,363
Additional provisions in the year	6,001	301	-	132	17,612	24,046
Utilisation of provision	(7,882)	(250)	-	(148)	(10,317)	(18,597)
Transfer of deferred revenue to accruals and deferred income (note 18)	-	-	(546)	-	-	(546)
Reclassified from Other creditors to provision for restructuring	-	-	-	-	1,093	1,093
Exchange difference	10	(44)	-	-	22	(12)
At 31 March 2021	<u>4,169</u>	<u>2,654</u>	<u>-</u>	<u>59</u>	<u>8,465</u>	<u>15,347</u>

	Warranty provision	Provisions for severance costs	Deferred income	Provision for environmental costs	Provision for restructuring	Total
Company	€000	€000	€000	€000	€000	€000
At 1 April 2020	5,841	2,646	546	70	55	9,158
Additional provisions in the year	5,911	301	-	119	17,332	23,663
Utilisation of provision	(7,602)	(250)	-	(132)	(10,133)	(18,117)
Transfer of deferred revenue to accruals and deferred income (note 18)	-	-	(546)	-	-	(546)
Reclassified from other creditors to provision for restructuring	-	-	-	-	1,093	1,093
Exchange difference	19	(43)	-	-	20	(4)
At 31 March 2021	<u>4,169</u>	<u>2,654</u>	<u>-</u>	<u>57</u>	<u>8,367</u>	<u>15,247</u>

Notes to the Financial Statements (continued)

19. Provision for liabilities (continued)

Provision for warranty costs

A provision is recognised for the estimated cost of manufacturer's warranty based on sales and product.

Provision for severance costs

A provision is recognised for the estimated costs of severance indemnities and other employee benefits.

Provision for environmental costs

A provision is recognised for the estimated cost of the environmentally sound disposal of equipment sold.

Provision for restructuring

A provision is recognised for the restructuring costs relating to the reorganisation of the business.

Notes to the Financial Statements (continued)

20. Retirement benefit schemes

Defined benefit schemes

During the year ended 31 March 2008, the UK scheme was closed to future accrual on existing members. An actuarial valuation was carried out at 8 April 2021 by Mr Alastair Walker, a fellow of the Institute of Actuaries, on behalf of Messrs Mercer.

<i>Key assumptions</i>	UK		Holland		Norway	
	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%
Discount rate	2.15	2.36	1.10	1.70	1.50	2.00
Expected rate of increase of pensions in payment	2.75	2.20	1.60	1.00	0.00	0.50
Expected rate of salary increases	n/a	n/a	n/a	n/a	2.00	2.25
Inflation assumption RPI	3.24	2.56	1.60	1.00	1.50	1.50
Rate of deferred pension increase (based on CPI)	2.84	2.11	1.60	1.00	n/a	n/a

<i>Mortality assumptions</i>	2021	2020	2021	2020	2021	2020
	Years	Years	Years	Years	Years	Years
Retiring today	21.23	21.16	n/a	n/a	21.00	21.00
Retiring in 20 years	22.62	22.53	n/a	n/a	23.20	23.20

Amounts recognised in income statement:

Group	2021	2020
	€000	€000
Current service cost	229	259
Interest on defined benefit liability	1,703	1,807
Interest income on Scheme assets	(2,125)	(2,289)
GMP – past service cost	22	-
Total income	(171)	(223)

Amounts taken to other comprehensive income:

Group	2021	2020
	€000	€000
Actuarial return on scheme assets	(6,445)	1,298
Actuarial changes related to obligations	10,723	367
Other gains and losses	69	36
Deferred tax	(766)	128
Total costs	3,581	1,829

Notes to the Financial Statements (continued)

20. Retirement benefit schemes (continued)

The amounts included in the statements of financial position arising from obligations in respect of defined benefit plans are as follows:

Movements in the present value of defined benefit obligations / assets:

Group and company

	2021	2020
	€000	€000
Fair value of liabilities as at 1 April 2020 / 2019	(75,506)	(77,623)
Current service cost	(5)	(29)
Past service cost	(22)	2,230
Settlements	4,386	-
Benefits paid	1,579	42
Employer contributions	43	-
Interest cost	(1,703)	(1,807)
Exchange differences	(2,353)	2,048
Actuarial loss	(10,694)	(367)
At 31 March 2021 / 2020	<u>(84,275)</u>	<u>(75,506)</u>

Group and company

	2021	2020
	€000	€000
Fair value of assets as at 1 April 2020 / 2019	93,239	97,070
Current service cost	(224)	(230)
Settlements	(4,386)	-
Benefits paid	(1,579)	(2,230)
Employer Contributions	226	274
Interest Income	2,125	2,289
Exchange differences	3,057	(2,636)
Return on plan assets excluding interest income	6,445	(1,298)
At 31 March 2021 / 2020	<u>98,903</u>	<u>93,239</u>

Notes to the Financial Statements (continued)

20. Retirement benefit schemes (continued)

	Group and company			Group and company		
	2021 €000	2021 €000	2021 €000	2020 €000	2020 €000	2020 €000
	Schemes in surplus	Schemes in deficit	Total	Schemes in surplus	Schemes in deficit	Total
Equity instruments	13,822	-	13,822	16,689	-	16,689
Debt instruments	52,559	-	52,559	36,988	-	36,988
LDI	29,167	-	29,167	26,554	-	26,554
Cash	811	-	811	8,487	-	8,487
Unquoted equity instruments	2,544	-	2,544	451	4,070	4,521
Actuarial value of assets	98,903	-	98,903	89,169	4,070	93,239
Actuarial value of liabilities	(84,275)	-	(84,275)	(70,475)	(5,031)	(75,506)
Net value of schemes in surplus/(deficit)	14,628	-	14,628	18,694	(961)	17,733

The group pension scheme comprises schemes operating in: Norway and United Kingdom (Aggregate surplus €14,628k) (2020: €18,694k), Holland (Aggregate deficit €-) (2020: €961k). During the year, schemes operating in Holland and Norway were closed.

The plan assets do not include any of the Group's financial instruments nor is any property occupied by any group entity.

The group provides a defined contribution schemes for its employees. The amount recognised as an expense for the defined contribution scheme was €1,503K (2020: €1,747K)

21. Called up share capital

Ordinary share capital Issued and fully paid	Group and Company	
	No.	€000
At 1 April 2020 and 31 March 2021		
'A' Ordinary shares of £1 each	33,000,000	51,366
'B' Ordinary shares of €1 each	90,000,000	90,000
		141,366

All the different classes of ordinary shares carry equal rights. There are no restrictions on the distribution of dividends and the repayment of capital.

'A' Ordinary share of £1 each were translated into Euro at the exchange rate of £1 = €1.5565.

Notes to the Financial Statements (continued)

22. Reserves

Capital contribution reserve

Capital contribution reserve consists of a loan of €214,174k due to the parent company which was converted into reserves. €10,458k is the result of a Flexible Appointment Arrangement whereby Oki Europe Limited took on the pension related assets and liabilities of Oki (UK) Limited and Oki Systems (UK) Limited.

Merger reserve

The merger reserve of €6,864k arose on conversion of 16 subsidiaries into branches following a cross border merger in 2018. The amount represents the difference in the value of net assets received and the investment. The transfer was for no consideration.

Profit or loss account

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

23. Operating lease commitments

Lessee

At 31 March the group and company had commitments under non-cancellable operating leases as set out below:

	Group		Company	
	2021	2020	2021	2020
	€000	€000	€000	€000
Within one year	2,616	3,391	2,592	3,224
Between two and five years	3,173	4,607	3,124	4,541
Over five years	1,101	1,663	1,101	1,663
	<u>6,890</u>	<u>9,661</u>	<u>6,817</u>	<u>9,428</u>

24. Controlling parties

Up until 31 March 2021, the parent undertaking of OEL is OKI Data Corporation and the ultimate parent undertaking is OKI Electric Industry Co., Ltd., incorporated in Japan.

The registered address of OKI Data Corporation is 4-11-22 Shibaura Minato-Ku, 108-8551 Japan

The financial position and results of OKI Europe Limited are consolidated in the financial statements of OKI Data Corporation, the smallest group undertaking and OKI Electric Industry Co., Ltd. the largest group undertaking.

With effect from 1 April 2021, the parent undertaking of OEL is OKI Electric Industry Co., Ltd.

The financial statements of OKI Electric Industry Co., Ltd. are available on company's official website www.oki.com/en/ir/ or from 1-7-12 Toranomom, Minato-ku, Tokyo, 105-8460, Japan.

Notes to the Financial Statements (continued)

25. Cash generated from operations

	2021	2020
	€000	€000
(Loss)/profit for the financial year	(4,871)	2,446
Adjustments for:		
Taxation	(599)	1,753
Finance costs	103	270
Investment income	(187)	(293)
Gain on sale of investments	(11)	-
Gain on disposal of fixed assets	(2)	(20)
Depreciation and Amortisation of owned fixed assets	871	1,235
Pension scheme non-cash movement	(476)	(114)
Fixed asset non-cash movement	-	(35)
Increase/(Decrease) in provisions	4,664	(3,557)
Movements in working capital:		
Decrease in stocks	7,427	13,934
Decrease in debtors	3,708	26,221
Decrease in creditors	(7,852)	(32,594)
Cash generated from operations	<u>2,775</u>	<u>9,246</u>

	Group		Company	
	2021	2020	2021	2020
	€000	€000	€000	€000
Cash at bank and in hand	22,120	24,209	21,784	23,204
Short term deposits	413	469	413	469
Cash and cash equivalents	<u>22,533</u>	<u>24,678</u>	<u>22,197</u>	<u>23,673</u>

26. Related Party Transactions

There were no related party transactions between the group and any entity which was not wholly owned by the OKI Group during the year.