REGISTERED NUMBER: 01919347 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

FOR

ANRITSU LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANRITSU LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS:	M Lee T Shima R Rossetti
SECRETARY:	Y Sugimoto
REGISTERED OFFICE:	200 Capability Green Luton Bedfordshire LU1 3LU
REGISTERED NUMBER:	01919347 (England and Wales)
SENIOR STATUTORY AUDITOR:	Stephen V Pike
AUDITORS:	Bradshaw Johnson Chartered Accountants Statutory Auditor Croft Chambers 11 Bancroft Hitchin Hertfordshire SG5 1JQ
SOLICITORS:	Howes Percival Oxford House Cliftonville Northampton NN1 5PN

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their strategic report for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be the sale and support of cutting edge test and measurement solutions to the communications industry.

REVIEW OF BUSINESS

Anritsu Limited provides design and development services to other parts of the Anritsu organisation, and is located in Bedfordshire, UK.

Anritsu Limited provide services to a division of Anritsu Corporation in Japan.

The design group based in Luton produces protocol testing software which is combined with Anritsu instruments to test LTE and 5G mobile phones. Demand for 5G test capability remained strong throughout 2019-20.

The UK IoT Test Solutions Group supports measurement solutions for the wireless connectivity manufacturing industry. Key technologies are Bluetooth and WLAN. Wireless connectivity has seen rapid growth in recent years and is an essential feature of smartphones and tablet PCs. New WLAN technologies are being introduced to increase speed and reliability. Low energy Bluetooth technology is creating new consumer markets. Key OEM customers are based in the Far East, with silicon developers primarily located in the USA.

PRINCIPAL RISKS AND UNCERTAINTIES

The industry in which we operate is of a cyclical nature and dependent on the emergence and development of new technologies together with the convergence of existing technologies. However the Company maintains its investment in research and development with the intention of continuing to meet or exceed the changing requirements of its customers.

Our business is transacted in a number of the major currencies and we are therefore subject to foreign currency rate fluctuations.

SECTION 172(1) STATEMENT

The Directors fulfil their duty by ensuring that there is a strong governance structure and process running through all aspects of the Group's operations. The Group's strategy and business model are underpinned by employees and all members of the Board undertake regular site visits to deliver key engagement and development programmes. The Group engages with its key stakeholders in a variety of ways, explained in more detail in the Strategic Report (pages 2 to 3) and the Director' responsibilities statement on page 4. The Board is kept informed of all relevant issues by means of a number of written reports against agreed KPIs.

The Board of Directors of Anritsu Limited (the "Company") consider that they, both individually and collectively, have acted in a way that would most likely o promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S712(1)(a-f) of the Act) in the decisions they have taken during the year ended 31 March 2020. In making this statement the Directors considered the longer term consideration of stakeholders and the environment and have taken into account the following:

a) the likely consequences of any decisions in the long term;
b) the interests of the Company's employees;
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the Company.

KEY PERFORMANCE INDICATORS

Our key financial indicators are research and development and general and administration spend against target, together with the generation of positive cash flows.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

EMPLOYEES
Staff remain an extremely important asset to the Company. The retention of quality staff combined with continuous training and development is key to our success.

The directors recognise the benefits which arise from keeping employees informed of the Company's progress and plans, and through their participation in the Company's performance. The Company is therefore committed to providing its employees with information on a regular basis, to consulting them so that their views may be taken into account in taking decisions which may affect their interests and encouraging their participation in schemes through which they will benefit from the Company's progress and profitability.

People with disabilities are fully and fairly considered for vacancies arising within the Company and are given equal opportunities in relation to training, career development and promotion.

If an employee becomes disabled while in the employment of the Company and as a result is unable to perform his/her existing role, every effort is made to offer suitable alternative employment and retraining.

ON BEHALF OF THE BOARD:

Director

29 June 2020

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the sale and support of cutting edge test and measurement solutions to the communications industry.

DIVIDENDS
No dividends will be distributed for the year ended 31 March 2020.

FUTURE DEVELOPMENTS
The Company is looking towards the further uptake of 5G over the next few years. The Company will continue to invest in research and development to ensure it remains on the forefront of emerging technologies in this sector.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

M Lee
T Shima
R Rossetti

FINANCIAL INSTRUMENTS
The directors do not consider any additional disclosure is required under Companies Act 2006, since such information is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

POLITICAL DONATIONS AND EXPENDITURE
The company made £550 (2019: £Nil) charitable donations during the period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Bradshaw Johnson, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M Lee - Director

29 June 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ANRITSU LIMITED

Opinion
We have audited the financial statements of Anritsu Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ANRITSU LIMITED

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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

Stephen V Pike (Senior Statutory Auditor)
for and on behalf of Bradshaw Johnson
Chartered Accountants
Statutory Auditor
Croft Chambers
11 Bancroft
Hitchin
Hertfordshire
SG5 1JQ

14 July 2020

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	31.3.20 £	31.3.20 £	31.3.19 £	31.3.19 £
TURNOVER	3		5,032,563		4,407,020
Cost of sales			464,988		346,432
GROSS PROFIT			4,567,575		4,060,588
Distribution costs		952,487		891,659	
Administrative expenses		3,694,436		3,155,340	
			4,646,923		4,046,999
			(79,348)		13,589
Other operating income			144,737		351,042
OPERATING PROFIT	5		65,389		364,631
Interest receivable and similar income			12,911		5,596
PROFIT BEFORE TAXATION			78,300		370,227
Tax on profit	7		(99,000)		65,000
PROFIT FOR THE FINANCIAL YEAR			177,300		305,227

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	31.3.20 £	31.3.19 £
PROFIT FOR THE YEAR		177,300	305,227
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		177,300	305,227

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 MARCH 2020

	Notes	31.3.20 £	31.3.20 £	31.3.19 £	31.3.19 £
FIXED ASSETS					
Tangible assets	8		1,332,018		1,505,212
Investments	9		75		75
			1,332,093		1,505,287
CURRENT ASSETS					
Debtors	10	1,217,771		3,405,900	
Cash at bank		4,990,725		2,342,721	
		6,208,496		5,748,621	
CREDITORS					
Amounts falling due within one year	11	679,575		570,194	
NET CURRENT ASSETS			5,528,921		5,178,427
TOTAL ASSETS LESS CURRENT LIABILITIES			6,861,014		6,683,714
CAPITAL AND RESERVES					
Called up share capital	13		21,000		21,000
Share premium	14		3,777,000		3,777,000
Retained earnings	14		3,063,014		2,885,714
SHAREHOLDERS' FUNDS			6,861,014		6,683,714

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2020 and were signed on its behalf by:

M Lee - Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2018	21,000	2,580,487	3,777,000	6,378,487
Changes in equity				
Total comprehensive income	-	305,227	-	305,227
Balance at 31 March 2019	21,000	2,885,714	3,777,000	6,683,714
Changes in equity				
Total comprehensive income	-	177,300	-	177,300
Balance at 31 March 2020	21,000	3,063,014	3,777,000	6,861,014

1. STATUTORY INFORMATION

Anritsu Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

The Company's ultimate parent undertaking, Anritsu Corporation, includes the Company in its consolidated financial statements. The consolidated financial statements of Anritsu Corporation are prepared in accordance with International Financial Reporting Standards as adopted by the EU, are available to the public and may be obtained from 5-1-1 Onna, Atsugi-shi, Kanagawa, 243-8555, Japan.

As the consolidated financial statements of Anritsu Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. 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 the amounts recognised in the financial statements.

Deferred tax
Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income.

Turnover
Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Sales are recognised when there has been a right to consideration in exchange for performance.

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2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	25 years
Machinery & equipment	5 years
Fixtures, fittings and office equipment	10 years
Computer equipment	3 years
Software	3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Financial instruments

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

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2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

continued...

2. **ACCOUNTING POLICIES - continued**

Going concern
The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors report. The Company earns income on a cost plus mark-up basis for research and development activity provided to the group and is expected to generate positive cash flows on its own account for the foreseeable future. On this basis, and on their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.3.20	31.3.19
	£	£
Japan	5,032,563	4,407,020
	5,032,563	4,407,020

4. EMPLOYEES AND DIRECTORS

	31.3.20	31.3.19
	£	£
Aggregate payroll costs	2,548,633	2,221,661

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

	31.3.20	31.3.19
Sales	6	6
Service	5	4
Administration	21	20
	32	30

	31.3.20	31.3.19
	£	£
Directors' remuneration	172,292	182,657

5. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.20	31.3.19
	£	£
Hire of plant and machinery	15,895	26,259
Depreciation - owned assets	262,783	190,288
Auditors' remuneration current year	7,875	7,500
Auditors' remuneration prior year	-	3,000
Foreign exchange differences	15,720	1,035

6. EXCEPTIONAL ITEMS

	31.3.20	31.3.19
	£	£
Other operating income	144,737	351,042
Distribution costs	(952,487)	(886,497)
	(807,750)	(535,455)

continued...

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	31.3.20	31.3.19
	£	£
Deferred tax	(99,000)	65,000
Tax on profit	(99,000)	65,000

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.20	31.3.19
	£	£
Profit before tax	78,300	370,227
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 17%)	14,877	62,939
Effects of:		
Expenses not deductible for tax purposes	183,347	288,103
Deferred tax movement	(130,000)	65,000
R&D Expenditure Credit	(167,224)	(351,042)
Total tax (credit)/charge	(99,000)	65,000

The rate at which deferred tax was provided for in 2019 was 17%. Proposed tax rates have now changed, and will remain at 19% rather than reduce to 17%. Therefore the deferred tax on losses carried forward is now based upon 19%.

8. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£	£
COST					
At 1 April 2019	1,924,409	2,022,620	996,820	217,440	5,161,289
Additions	-	3,122	15,500	70,967	89,589
At 31 March 2020	1,924,409	2,025,742	1,012,320	288,407	5,250,878
DEPRECIATION					
At 1 April 2019	976,249	1,697,705	766,778	215,345	3,656,077
Charge for year	54,670	116,227	58,944	32,942	262,783
At 31 March 2020	1,030,919	1,813,932	825,722	248,287	3,918,860
NET BOOK VALUE					
At 31 March 2020	893,490	211,810	186,598	40,120	1,332,018
At 31 March 2019	948,160	324,915	230,042	2,095	1,505,212

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9. FIXED ASSET INVESTMENTS

	Investments
	£
COST	
At 1 April 2019	
and 31 March 2020	75
NET BOOK VALUE	
At 31 March 2020	75
At 31 March 2019	75

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.20	31.3.19
	£	£
Trade debtors	18,621	19,323
Intercompany debtors	603,347	2,817,566
Other debtors	569	989
VAT	27,281	49,346
Deferred tax asset		
Tax losses carried forward	209,000	110,000
R&D Tax Claims	314,666	351,043
Prepayments	44,287	57,633
	1,217,771	3,405,900

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.20	31.3.19
	£	£
Trade creditors	122,106	36,535
Amounts owed to group undertakings	107,637	83,701
Social security and other taxes	72,396	82,209
Accrued expenses	377,436	367,749
	679,575	570,194

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.20	31.3.19
	£	£
Within one year	3,926	18,304

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.20	31.3.19
			£	£
21,000	Ordinary	£1	21,000	21,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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14. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 April 2019	2,885,714	3,777,000	6,662,714
Profit for the year	177,300	-	177,300
At 31 March 2020	3,063,014	3,777,000	6,840,014

15. PENSION COMMITMENTS

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £145,910 (2019: 129,312).

16. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its fellow group companies and with its directors. It has not disclosed transactions between group companies however, as permitted under section 33 of FRS 102.

100% of the voting rights over the Company's shares are controlled within the Group.

One director received the remuneration from the company and the others were remunerated by other group companies for services rendered to the company.

17. ULTIMATE CONTROLLING PARTY

The Company is a subsidiary undertaking of Anritsu Corporation which is also the ultimate controlling party.

The group in which the results of the Company are consolidated is that headed by Anritsu Corporation, incorporated in Japan. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from 5-1-1 Onna, Atsugi-shi, Kanagawa, 243-8555, Japan.