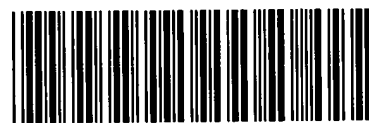


**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
FOR
FIBREFAB LIMITED**

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FIBREFAB LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS for the Year Ended 31 March 2021

	Page
Company Information	1
Strategic Report	2
Directors' Report	4
Report of the Independent Auditors	6
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

FIBREFAB LIMITED
COMPANY INFORMATION
for the Year Ended 31 March 2021

DIRECTORS:

K Seng
S W Althoff
H S C Waterhouse
M C Bowers

SECRETARY:

Keens Shay Keens (Nominees) Limited

REGISTERED OFFICE:

Davy Avenue
Knowlhill
Milton Keynes
Buckinghamshire
MK5 8HJ

REGISTERED NUMBER:

02734823 (England and Wales)

INDEPENDENT AUDITORS :

Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1FF

FIBREFAB LIMITED
STRATEGIC REPORT
for the Year Ended 31 March 2021

The directors present their strategic report for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company continued to be that of the development, assembly and sale of fibre optic components and data networking products.

The sales revenue for the year of £41,513,752 represents a 49.3% increase when compared to the previous year of £27,803,068. The sales increase year-over-year was due primarily to large scale projects within the datacentre and telecommunication market segments.

Profit for the year after taxation was £2,506,966 (2020: £531,454). The main driver of the increase was due to the significant increase in turnover.

As at 31 March 2021 the Company had net assets totalling £13,733,945 (2020: £11,226,979).

The directors are satisfied with the Company's performance during the year and with its prospects for the future.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of strategy are subject to a number of risks. Key business risks principally relate to market competition, both from a national and international perspective, and the retention of suitably qualified employees. Business risks are reviewed regularly by the directors and appropriate processes are put in place to monitor and mitigate their impact. Supply chain risks are mitigated by the Company procurement strategy.

The directors do not expect the departure of the United Kingdom from the European Union to have any significant effect on the Company's business.

We have conducted assessments to consider the range of possible outcomes and the impact to our operations. We continue to plan for all eventualities and are prepared whatever the outcome.

The COVID-19 (Corona) virus which first broke out in China in late December 2019, has since spread throughout the world. The outbreak has had a significant impact on the current economic environment worldwide, the consequences and duration of which at this stage are not known. There is at this stage no indication of the effect that measures taken by various governments around the world will have on stemming the spread of this disease and the length of the crisis.

The directors are at this time confident that this will have little affect on the Company's operational and financial performance. Given the level of liquid reserves in the Company, the directors are confident of the Company's ability to continue as a going concern.

STRATEGY AND FUTURE OUTLOOK

The Company's strategy is to achieve attractive and sustainable rates of growth in target markets that mesh well with our capabilities. Our target markets and customers of choice share our values and demonstrate significant demand for our product portfolio, our scale and scope, and our ability to fulfill demand.

The Company is well positioned in high-growth, high-volume and extremely demanding markets that require impeccable products and service levels anywhere in the world.

The Company strives to diversify both product lines and market areas to improve the sales performance and adapt to rapidly evolving markets. The Company aims to enhance its profitability whilst maintaining a satisfied customer base.

FIBREFAB LIMITED
STRATEGIC REPORT
for the Year Ended 31 March 2021

FINANCIAL KEY PERFORMANCE INDICATORS

The directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being turnover, gross profit, operating profit and profit before taxation as set out in the Statement of Comprehensive Income.

APPROVED AND SIGNED ON BEHALF OF THE BOARD BY:

Kheng H. Seng

Kheng H. Seng (Aug 11, 2021 21:16 GMT+8)

.....
K Seng - Director

Date: Aug 11, 2021
.....

FIBREFAB LIMITED

DIRECTORS' REPORT for the Year Ended 31 March 2021

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

RESULTS

The profit for the financial year amounted to £2,506,966 (2020: £531,454).

DIVIDENDS

Dividends totalling £Nil were paid during the year (2020: £835,000).

RESEARCH AND DEVELOPMENT

The Company is committed to a programme of research and development activities to develop the next generation of products. Research and development expenditure during the year was (£54,256) (2020: £121,956) this was after recognising research and development tax credits of £84,325 (2020: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

K Seng
S W Althoff
H S C Waterhouse
M C Bowers

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, therefore they continue to adopt the going concern basis for accounting in preparing the financial statements. For further information regarding the directors' assessment of the going concern status of the Company, refer to the accounting policies on page 12.

KPI'S, FUTURE DEVELOPMENTS AND PRINCIPAL RISKS AND UNCERTAINTIES

These areas are considered in the Strategic Report.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk and liquidity risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring the levels of debt finance and the related finance costs.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

Market price risk

The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Company's operations change in scale or nature.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The Company actively maintains short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group also purchased and maintained throughout the financial year Director's and Officer's liability insurance in respect of itself and its Directors.

FIBREFAB LIMITED

DIRECTORS' REPORT for the Year Ended 31 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The directors are 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.

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 Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, the auditors, Mazars LLP, will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

APPROVED AND SIGNED ON BEHALF OF THE BOARD BY:

Kheng H. Seng
Kheng H. Seng (Aug 11, 2021 21:16 GMT+8)

K Seng - Director

Date: Aug 11, 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FIBREFAB LIMITED

Opinion

We have audited the financial statements of Fibrefab Limited (the 'Company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, 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 FRS 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 2021 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 course of 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 Directors' Report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FIBREFAB LIMITED

We have nothing to report in respect of the following matters in relation to which 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 Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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. Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation and Covid-19 government support schemes, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and FRS 102.

We evaluated the directors' and 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 manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in significant one-off or unusual transactions, and revenue recognition on the cut off assertion.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.


There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FIBREFAB LIMITED**

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 auditor's report.

Use of the audit report

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


Stephen Brown (Aug 11, 2021 15:15 GMT+1)

Stephen Brown (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1FF

Aug 11, 2021
Date:

FIBREFAB LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 March 2021

	Notes	31.3.21 £	31.3.20 £
TURNOVER	3	41,513,752	27,803,068
Cost of sales		30,010,791	19,142,556
GROSS PROFIT		11,502,961	8,660,512
Administrative expenses		8,471,858	7,985,242
		3,031,103	675,270
Other operating income	4	5,086	33
OPERATING PROFIT	6	3,036,189	675,303
Interest receivable and similar income		226	1,458
		3,036,415	676,761
Interest payable and similar expenses	8	-	221
PROFIT BEFORE TAXATION		3,036,415	676,540
Tax on profit	9	529,449	145,086
PROFIT FOR THE FINANCIAL YEAR		2,506,966	531,454
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,506,966	531,454

The notes form part of these financial statements

FIBREFAB LIMITED (REGISTERED NUMBER: 02734823)

BALANCE SHEET
31 March 2021

	Notes	31.3.21	31.3.20
		£	£
FIXED ASSETS			
Intangible assets	11	223,950	212,801
Tangible assets	12	198,105	276,331
		<hr/>	<hr/>
		422,055	489,132
CURRENT ASSETS			
Stocks	13	5,726,708	4,610,824
Debtors	14	11,103,663	10,139,536
Cash at bank and in hand	15	4,761,486	3,726,615
		<hr/>	<hr/>
		21,591,857	18,476,975
CREDITORS			
Amounts falling due within one year	16	6,525,522	6,002,715
		<hr/>	<hr/>
NET CURRENT ASSETS		15,066,335	12,474,260
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		15,488,390	12,963,392
PROVISIONS FOR LIABILITIES	18	1,754,445	1,736,413
		<hr/>	<hr/>
NET ASSETS		13,733,945	11,226,979
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	19	100,700	100,700
Retained earnings	20	13,633,245	11,126,279
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		13,733,945	11,226,979
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors and authorised for issue onAug 11, 2021..... and were signed on its behalf by:

Kheng H. Seng

Kheng H. Seng (Aug 11, 2021 21:16 GMT+8)

.....
K Seng - Director

The notes form part of these financial statements

FIBREFAB LIMITED

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 March 2021**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2019	100,700	11,429,825	11,530,525
Changes in equity			
Dividends	-	(835,000)	(835,000)
Total comprehensive income	-	531,454	531,454
Balance at 31 March 2020	<u>100,700</u>	<u>11,126,279</u>	<u>11,226,979</u>
Changes in equity			
Total comprehensive income	-	2,506,966	2,506,966
Balance at 31 March 2021	<u><u>100,700</u></u>	<u><u>13,633,245</u></u>	<u><u>13,733,945</u></u>

The notes form part of these financial statements

FIBREFAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 2021

1. STATUTORY INFORMATION

Fibrefab Limited is a private company, limited by shares, incorporated and registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information on page 1.

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see below).

The following principal accounting policies have been applied consistently throughout the year.

Going concern

The directors have reviewed cash flow forecasts for a period of not less than 12 months from the date of the audit opinion and are confident that the Company will be able to pay its liabilities as they fall due.

In response to the COVID-19 pandemic, the directors have confirmed that they have taken into account potential impact on the business and possible future scenarios arising from the impact of COVID-19. At the date of signing the financial statements the directors conclude that they can continue to adopt the going concern basis of preparation for the financial statements.

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 paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

The information is included in the consolidated financial statements of Fujikura Limited as at 31 March 2021 and these financial statements may be obtained from the secretary, 1-5-1, Kiba, Koto-ku, Tokyo 135-8512, Japan.

FIBREFAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

Judgements in applying accounting policies and key sources of estimation uncertainty

The directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed and amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets.

ii) Inventory provision

The principal activity of the Company is that of the manufacture, development and sale of fibre optic and data networking products. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 13 for the net carrying amount of the inventory and associated provision.

iii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and the associated impairment provision.

iv) Other provisions

The Company makes provisions when there is a present obligation as a result of a past event, which requires transfer of economic benefit and the obligation is reliably measurable. See note 18.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sales of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

FIBREFAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when the cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated lives, using the straight-line method.

The estimated useful lives range as follows:

Plant & machinery	- 15% to 50%
Assets under construction	- Not depreciated
Fixture, fittings & equipment	- 15% to 20%
Improvement to property	- 20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit and loss.

FIBREFAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently amortised cost using the effective interest method. Debt instruments that are repayable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an outright short term loan not at the market rate the financial asset or liability is measured, initially at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combination, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

FIBREFAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

FIBREFAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

FIBREFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2021**

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:

	31.3.21	31.3.20
	£	£
United Kingdom	12,831,485	10,582,638
Europe	26,170,834	14,884,611
Rest of the World	2,511,433	2,335,819
	<u>41,513,752</u>	<u>27,803,068</u>

4. OTHER OPERATING INCOME

	31.3.21	31.3.20
	£	£
Sundry receipts	<u>5,086</u>	<u>33</u>

5. EMPLOYEES AND DIRECTORS

	31.3.21	31.3.20
	£	£
Wages and salaries	4,882,223	4,624,467
Social security costs	385,702	391,490
Other pension costs	298,671	307,388
	<u>5,566,596</u>	<u>5,323,345</u>

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

	31.3.21	31.3.20
Sales and marketing	42	40
Distribution and administration	36	40
Production	51	43
Engineering	14	16
	<u>143</u>	<u>139</u>

Key management compensation

Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the Company. The board concludes that only the directors of the Company fulfil this definition and their emoluments are set out below.

	31.3.21	31.3.20
	£	£
Directors' remuneration	150,526	138,457
Directors' pension contributions to defined contribution schemes	<u>14,855</u>	<u>13,606</u>

The number of directors to whom retirement benefits were accruing as follows:

	Number	Number
Defined contribution schemes	<u>1</u>	<u>1</u>

3 directors are paid by other companies within the Group.

FIBREFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2021**

6. OPERATING PROFIT

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

	31.3.21	31.3.20
	£	£
Depreciation - owned assets	91,355	93,608
Computer software amortisation	47,364	372
Foreign exchange differences	244,585	(223,093)
Operating lease rentals	336,762	337,968
Stocks write off	583,872	140,229
Impairment of trade debtors	(22,818)	1,198
	<u> </u>	<u> </u>

7. AUDITORS' REMUNERATION

	31.3.21	31.3.20
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	55,655	40,000
Other services relating to taxation	122,512	109,849
	<u> </u>	<u> </u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.3.21	31.3.20
	£	£
Interest payable	-	221
	<u> </u>	<u> </u>

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.3.21	31.3.20
	£	£
Current tax:		
UK corporation tax	511,417	112,356
Deferred tax	18,032	32,730
Tax on profit	<u>529,449</u>	<u>145,086</u>

FIBREFAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2021

9. TAXATION - continued

Reconciliation of total tax 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:

	31.3.21 £	31.3.20 £
Profit before tax	3,036,415	676,540
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	576,919	128,543
Effects of:		
Expenses not deductible for tax purposes	(8,750)	4,094
Adjustments to tax charge in respect of previous periods	(37,963)	63,974
Group relief	-	(51,456)
Tax rate changes	-	(69)
Other	(757)	-
Total tax charge	529,449	145,086

The Finance Act 2020 enacted legislation to maintain the current rate of corporation tax at 19% up until at least the tax year ended April 2022. The UK Government announced in the 2021 budget that from 1 April 2023 the rate of corporation tax in the UK will increase from 19% to 25%. This was not substantively enacted until post year end so there is no impact on deferred tax.

10. DIVIDENDS

	31.3.21 £	31.3.20 £
Ordinary shares of £0.10 each		
Interim dividend	-	835,000

11. INTANGIBLE ASSETS

	Computer software £
COST	
At 1 April 2020	213,793
Additions	17,380
Reclassification/transfer	41,133
At 31 March 2021	272,306
AMORTISATION	
At 1 April 2020	992
Amortisation for year	47,364
At 31 March 2021	48,356
NET BOOK VALUE	
At 31 March 2021	223,950
At 31 March 2020	212,801

FIBREFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2021**

12. TANGIBLE ASSETS

	Improvements to property £	Plant and machinery £	Fixtures, fittings & equipment £	Assets under construction £	Totals £
COST					
At 1 April 2020	57,622	361,151	59,923	107,439	586,135
Additions	-	3,786	-	54,456	58,242
Reclassification/transfer	-	99,691	-	(144,804)	(45,113)
At 31 March 2021	<u>57,622</u>	<u>464,628</u>	<u>59,923</u>	<u>17,091</u>	<u>599,264</u>
DEPRECIATION					
At 1 April 2020	36,480	234,738	38,586	-	309,804
Charge for year	11,532	69,299	10,524	-	91,355
At 31 March 2021	<u>48,012</u>	<u>304,037</u>	<u>49,110</u>	<u>-</u>	<u>401,159</u>
NET BOOK VALUE					
At 31 March 2021	<u>9,610</u>	<u>160,591</u>	<u>10,813</u>	<u>17,091</u>	<u>198,105</u>
At 31 March 2020	<u>21,142</u>	<u>126,413</u>	<u>21,337</u>	<u>107,439</u>	<u>276,331</u>

13. STOCKS

	31.3.21 £	31.3.20 £
Finished goods and goods for resale	<u>5,726,708</u>	<u>4,610,824</u>

Stocks include a provision for impairment of £345,967 (2020: £247,788).

The difference between replacement value and historical cost of stocks is not significant.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21 £	31.3.20 £
Trade debtors	6,040,164	3,725,566
Other debtors	19,601	136,263
Amounts owed by group undertakings	4,393,614	5,109,586
Corporation tax	461,016	34,608
VAT	61,799	902,168
Prepayments and accrued income	127,469	231,345
	<u>11,103,663</u>	<u>10,139,536</u>

FIBREFAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Amounts owed by group undertakings are repayable on demand and have no security, payment date or interest rate.

Trade debtors are stated after provisions for impairment of £2,583 (2020: £32,244).

HMRC investigations into the previous owners and their use of Employment Benefit Trust Schemes are still ongoing. Based on the latest correspondence and assessment of tax experts, the potential liability remained at £1,700,000 (2020: £1,700,000). The parent Company, America Fujikura Limited, confirmed that they would fully indemnify Fibrefab Limited against any financial cost that may arise from the proceedings.

Following on from the above, the Company maintained a liability of £1,700,000 (2020: £1,700,000) and an asset of an equal amount that is included within amounts owed by group undertakings.

The matter is expected to be resolved and settlement reached within the next twelve months.

15. CASH AT BANK AND IN HAND

	31.3.21	31.3.20
	£	£
Cash at bank	4,760,574	3,725,745
Cash in hand	912	870
	<u>4,761,486</u>	<u>3,726,615</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade creditors	4,107,980	3,221,377
Other creditors	222	32
Amounts owed to group undertakings	1,092,237	1,652,047
Accruals and deferred income	1,325,083	1,129,259
	<u>6,525,522</u>	<u>6,002,715</u>

Amounts owed to group undertakings are repayable on demand and have no security, payment date or interest rate.

17. LEASING AGREEMENTS

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

	31.3.21	31.3.20
	£	£
Within one year	298,346	320,853
Between one and five years	519,259	676,630
In more than five years	368,500	439,552
	<u>1,186,105</u>	<u>1,437,035</u>

FIBREFAB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2021**

18. PROVISIONS FOR LIABILITIES

	31.3.21	31.3.20
	£	£
Deferred tax	54,445	36,413
Other provisions	1,700,000	1,700,000
	<u>1,754,445</u>	<u>1,736,413</u>
	Deferred tax	Other provisions
	£	£
Balance at 1 April 2020	36,413	1,700,000
Provided during year	18,032	-
Balance at 31 March 2021	<u>54,445</u>	<u>1,700,000</u>

The provision for deferred taxation relates to accelerated capital allowances £54,445 (2020: £36,413).

Other provisions

HMRC investigations into the previous owners and their use of Employment Benefit Trust Schemes are still ongoing. Based on the latest correspondence and assessment of tax experts, the potential liability remained at £1,700,000 (2020: £1,700,000). The parent Company, America Fujikura Limited, confirmed that they would fully indemnify Fibrefab Limited against any financial cost that may arise from the proceedings.

Following on from the above, the Company maintained a liability of £1,700,000 (2020: £1,700,000) and an asset of an equal amount.

The matter is expected to be resolved and settlement reached within the next twelve months.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.3.21	31.3.20
Number:	Class:	Nominal value:	£	£
990,000	Ordinary	£0.10	99,000	99,000
1,000	A,B, C, D, E, F, G, H, I & J redeemable ordinary shares	£1	1,000	1,000
700	Management A, B, C, D, E, F, G redeemable ordinary shares	£1	700	700
			<u>100,700</u>	<u>100,700</u>

FIBREFAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

19. CALLED UP SHARE CAPITAL - continued

The A, B, C, D, E, F, G, H, I and J shares are redeemable ordinary shares which may be redeemed at par at any time in whole or in part at the option of the Company. The holders are not entitled to attend or vote at general meetings of the Company or to participate in any distribution of assets on the winding up of the Company.

The Management A, B, C, D, E, F and G redeemable ordinary shares of £1 each rank pari passu in all respects with the existing Ordinary Shares of £1 each in the capital of the Company, except that the holders of the Management A, B, C, D, E, F and G redeemable ordinary shares shall not be entitled to attend or vote at general meetings of the Company, nor to participate in any distribution of assets on the winding up of the Company. The Management A, B, C, D, E, F and G redeemable ordinary shares of £1 each may be redeemed at par at any time in whole or in part at the option of the Company. The dividend rights of the Management A, B, C, D, E, F and G redeemable ordinary shares of £1 each differ from each other and from those of the existing Ordinary Shares of £1 each.

20. RESERVES

	Retained earnings £
At 1 April 2020	11,126,279
Profit for the year	2,506,966
	<hr/>
At 31 March 2021	13,633,245
	<hr/>

21. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £298,671 (2020: £307,388). The amounts outstanding at the balance sheet date were £29,352 (2020: £26,861).

22. CONTINGENT LIABILITIES

At the balance sheet date, the Company had given a guarantee, via its bankers, to the UK tax authorities in respect of a VAT and Duty Deferment bond with a limit of £60,000 (2020: £60,000). Any claims under the guarantees are fully recoverable from the Company by the bankers. However, the directors are of the opinion that the likelihood of claims being made against these guarantees is remote, and therefore no provision has been made in the financial statements.

Together with its parent, Optronics Limited, the Company's bankers have provided the company with a Group composite facility of £100.

The Company has entered into a cross guarantee with various other group companies to secure their banking facilities.

23. ULTIMATE CONTROLLING PARTY

The entire share capital of the Company is owned by Optronics Limited which is a subsidiary of AFL IG LLC, which is incorporated in the United States of America, and is a 100% subsidiary of America Fujikura Limited, which is also incorporated in the United States of America, and is a subsidiary of Fujikura Limited, which is incorporated in Japan. The directors regard Fujikura Limited as the ultimate holding company and controlling party. As at 31 March 2021 AFL IG LLC was the parent of the smallest group of companies who prepared consolidated financial statements. Fujikura Limited is the parent of the largest group of companies and copies of the consolidated financial statements can be obtained from the secretary, 1-5-1, Kiba, Koto-ku, Tokyo 135-8512, Japan.