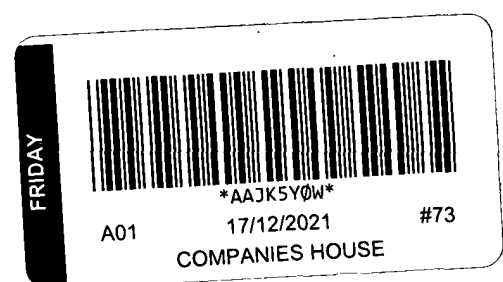


Registered Number: 4774647

**NSK Precision UK Limited**  
**Annual report and financial statements**  
**for the year ended 31 March 2021**



**NSK Precision UK Limited**

**Annual report and financial statements**

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## **NSK Precision UK Limited**

### **Directors' report for the year ended 31 March 2021**

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

The following matters are reported upon in the Strategic report in accordance with Section 414C(ii) of the Companies Act 2006 to set out in the company strategic report the following matters of importance: financial risk management, employee involvement, principal risks and uncertainties, research and development, environmental policy and business review and future developments.

#### **Principal activities**

The principal activity of the Company is the manufacture of linear products for sale through its parent Company, NSK Europe Limited.

#### **Directors and their interests**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise indicated, were:

I. Murata (resigned 1 February 2021)  
T. Parker  
U Nass (appointed 1 February 2021)  
S. Suzuki (appointed 1 February 2021)

#### **Trade payables**

The Company agrees payment terms with its suppliers when it enters into binding purchase contracts. The Company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company seeks to treat all its suppliers fairly and has a standard which deals specifically with the payment of suppliers.

The Company had 68 days purchases outstanding based on the average daily amount invoiced by suppliers during the accounting year ended 31 March 2021 (2020: 46).

#### **Dividends**

No dividend is recommended (2020: nil).

#### **Charitable and political donations**

During the year the Company made charitable donations of €nil (2020: €nil). There were no political donations in the year (2020: nil).

#### **Going concern**

NSK Europe Limited, as the immediate Parent company of NSK Precision UK Limited, has confirmed in writing that it will support the Company as needed by continuing to provide access to NSK Europe Limited group facilities so that the Company can continue trading and meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future up to 31 December 2022, which is at least 12 months from the date of the approval of these financial statements. The Directors have considered the cash flow forecast and profitability of the Group, considering a reasonable worst-case scenario on the operations and performance of the NSK Europe Limited group and have concluded that it does not impact the ability of NSK Europe Limited to fulfil its obligations under the parental support arrangement. On this basis, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **NSK Precision UK Limited**

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

#### **Statement of disclosure of information to auditors**

For each of the persons who were directors at the time this report was prepared, the following applies:

- So far as the directors are aware, there is no relevant audit information (i.e. information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- The directors have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Auditors**

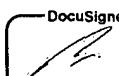
In accordance with section 487 of the Companies Act 2006, Ernst and Young LLP shall be deemed to be re-appointed as Auditors of the Company.

#### **Subsequent events**

On 21 November 2021 the Company changed its registered address to: The Place, Bridge Avenue, Maidenhead, England, SL6 1AF.

On behalf of the Board  
Registered office: The Place, Bridge Avenue  
Maidenhead, England, SL6 1AF.

T Parker  
Director

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Date: 15/12/2021

## **NSK Precision UK Limited**

### **Strategic report for the year ended 31 March 2021**

#### **Business review and future developments**

The results of the Company show a gross profit of €35,000 (2020: gross profit of €148,000) and a profit before taxation of €85,000 (2020: profit before taxation €144,000). These are considered the Company's key performance indicators.

The Company is a low-risk manufacturer selling its entire product to its parent NSK Europe Limited. The gross margin was 1.2% (2020: 4.0%). However, once Other income is included (Furlough support from the Government as described in note 5), the profit percentage rises to 2.4% (2020: 4.0%). These percentages are within the target range for the Company.

The revenue for the year €2,889,000 (2020: €3,715,000). The reduction was as a result of the impact of the Covid-19 pandemic.

For the next financial year we are anticipating an increase in revenue after the impact of Covid-19 for the year ended 31 March 2021. However, we would continue to expect to see a gross profit margin percentage of circa 2% to 4%, before any one-off items.

At 31 March 2021 the Company had net assets of €3,225,000 (2020: net assets of €3,406,000).

#### **Key performance indicators ("KPI's")**

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPI's (other than those presented above) is not necessary for an understanding of the development, performance or position of the business. As stated above the Company is a low-risk manufacturer selling its entire product to NSK Europe Limited within a target margin rate.

#### **Strategy**

The Company is a manufacturing Company which sells all of its output to another group Company, NSK Europe Limited. The strategy for the Company is to produce a high-quality product at the lowest cost at the time the product is required for sale. This is achieved using the principles of total quality management.

#### **Employee involvement**

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its performance. The Company encourages the involvement of employees by means of continuous improvement teams and regular communication activities.

#### **Research and development**

Research and development is carried out within the group and its subsidiary undertakings. The Company receives an allocation of costs in relation to that activity and that cost is charged to the statement of comprehensive income.

## NSK Precision UK Limited

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

#### Environmental policy

The Company has a well-established environmental policy, setting out its environmental objectives and commitment to progress towards environmental excellence. The emphasis is on continuous improvement of environmental performance, utilising Total Quality Management as the key methodological tool. The philosophy underpinning this approach is one of "cradle-to-grave" focus. This entails influencing suppliers and sub-contractors to adopt sound environmental management practices, working on an environmental partnership basis with our customers and taking account of environmental impacts throughout the total life-cycle of our product range.

#### Principal risks and uncertainties

The Company's operations expose it to a variety of risks. The key risks and the associated mitigating activity are set out below:

<b>Area of potential risk</b>	<b>Potential impact</b>	<b>Mitigating activity</b>
Covid-19	Impact on profitability and cashflow	<ul style="list-style-type: none"> <li>The Company's profitability is guaranteed by its parent Company NSK Europe Limited. NSK Europe Limited has taken the necessary and appropriate measures to ensure its liquidity during this period of uncertainty.</li> </ul>
Further down-turn in markets in difficult trading conditions	Impact on profitability and cashflow	<ul style="list-style-type: none"> <li>Increased focus on product mix maximisation</li> <li>Volume claim to customers</li> </ul>
Brexit could have an impact on the free movement of goods in the EU.	Ability of the Company, its suppliers and customers to amend in a timely manner their systems or processes.	<ul style="list-style-type: none"> <li>On 24 December 2020 negotiations to conclude the UK-EU Trade and Cooperation agreement ended. The UK-EU TCA avoids what were the possible worst consequences of a no deal including increased duties and maintains the freedom of goods.</li> <li>In the months since leaving the EU minor modifications to systems and processes have been made to comply with the new requirements.</li> </ul>
Major failure at key production site.	Inability to satisfy demand and subsequent loss of sales and profitability.	<ul style="list-style-type: none"> <li>Investment in plant and machinery and training in effective maintenance.</li> <li>Regular planned plant shutdowns (normally twice a year) with a full schedule of maintenance activity.</li> <li>Capability to source most key products from NSK Ltd.</li> </ul>
Non-compliance with laws and regulations.	Damage to our reputation. Potential fines and penalties.	<ul style="list-style-type: none"> <li>NSK Europe Limited Operating Committee review of any incident.</li> <li>On-going training programme for employees.</li> <li>Group policies and guidance developed and available in local languages.</li> </ul>

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

### Principal risks and uncertainties - continued

<b>Area of potential risk</b>	<b>Potential impact</b>	<b>Mitigating activity</b>
Aggressive competitor activity – discounting etc.	Loss of market share.	<ul style="list-style-type: none"> <li>Working closely with our key customers particularly in the automotive sector.</li> <li>Continued investment in our products to improve quality and performance</li> </ul>
Loss of key personnel.	Loss of critical experience and skills.	<ul style="list-style-type: none"> <li>Long-term incentive plans for senior management.</li> <li>Remuneration packages reviewed annually.</li> <li>Succession planning in place in all critical functions.</li> </ul>
Negative cash flow.	Short-term liquidity problems.	<ul style="list-style-type: none"> <li>NSK Europe Limited has in place flexible short-term loan facilities which would be available to support NSK Precision UK Limited.</li> </ul>
The pension surplus returns to being in a deficit position.	Funding requirement increases.	<ul style="list-style-type: none"> <li>The Company continues to make contributions.</li> <li>The pension scheme was closed to future benefit accrual on 31 December 2016.</li> <li>Investment strategy: move to investing in liability matching assets.</li> <li>The pension scheme is now in a net asset position due to these actions.</li> </ul>
Information Security	Increased sophistication of cyber terrorism and instances of attacks.	<ul style="list-style-type: none"> <li>To achieve accreditation to ISO 27001 Security Standard.</li> <li>NSK Europe Limited has appointed a European Chief Information Security Officer.</li> <li>Improved employee awareness through training.</li> <li>Improved Network robustness, through investment and process change.</li> <li>Enhanced security measures at UK manufacturing plants to continue compliance with Authorised Economic Operator status.</li> </ul>

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

### Principal risks and uncertainties – continued

#### Financial risk management

The Company, in conjunction with the treasury department of its ultimate holding Company, has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

##### *Price risk*

NSK Precision UK Limited is a contract manufacturer for NSK Europe Limited. NSK Europe Limited bears the commodity price risk to which the Company is exposed.

##### *Credit risk*

NSK Europe Group has implemented policies that require appropriate credit checks on existing and potential customers before sales are made. The credit risk of the Company is managed by the parent undertaking.

##### *Liquidity risk*


The Company, in association with the treasury department of its ultimate holding Company, actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that the Company has sufficient available funds for operations and any planned expansion.

##### *Interest rate cash flow risk*

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at variable rates. The directors will revisit the appropriateness of this, in conjunction with the treasury department of the ultimate holding Company, should the Company's operations change in size or nature.

On behalf of the Board

Registered office  
The Place, Bridge Avenue  
Maidenhead  
England, SL6 1AF.

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T Parker

Director

Date: 15/12/2021



## **Independent auditor's report to the members of NSK Precision UK Limited**

### **Opinion**

We have audited the financial statements of NSK Precision UK Limited for the year ended 31 March 2021 which comprise the Statement of comprehensive income, the Statement of financial position, Statement of changes in equity and the related notes 1 to 17, 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 United Kingdom and the Republic of Ireland" ("FRS 102").

In our opinion, the financial statements:

- give a true and fair view 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 from when the financial statements are authorised for issue until 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **Independent auditor's report to the members of NSK Precision UK Limited – continued**

### **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 this report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 directors' report have been prepared in accordance with applicable legal requirements.

### **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 directors' report.

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 Statement of directors' responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

## **Independent auditor's report to the members of NSK Precision UK Limited – continued**

### **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 these financial statements.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

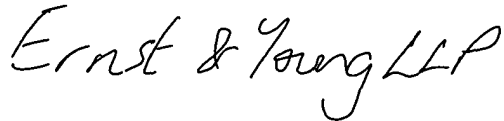
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006 and Corporation Tax Act 2010) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including General Data Protection Regulation (GDPR).
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for tax, legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of Board minutes, as well as consideration of the results of our other audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team discussions and enquiry of management and those charged with governance. Through these procedures, we identified there to be a risk of management override on posting of manual journals in respect of revenue and improper revenue recognition.
- To address management override, we used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria, such as unusual pairings and journals posted during the year, which we investigated further to gain an understanding of the transaction and agree to source documentation ensuring appropriate authorisation of the transactions. We also tested manual journal entries and obtained corroborating evidence for such entries. To address the fraud risk around the improper recognition of revenue, we performed data analytics to test the entire population of the revenue postings, we investigated unusual transactions and tested specific transactions back to source documentation, ensuring revenues are recorded in the correct period and we further tested it to cash receipts as an external source evidence.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry with management and those charged with governance. We also read the financial statement disclosures, corroborating to supporting documentation to assess compliance with applicable laws and regulations and evaluated the business rationale of significant transactions outside the normal course of business.

## **Independent auditor's report to the members of NSK Precision UK Limited – continued**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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 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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Sandra Thompson (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading

Date: 15/12/21

## NSK Precision UK Limited

### Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 €'000	2020 €'000
<b>Revenue</b>	2	<b>2,889</b>	3,715
Cost of sales		<u>(2,854)</u>	<u>(3,567)</u>
<b>Gross profit</b>		<b>35</b>	148
Other Operating income	5	35	-
Finance income	3	15	-
Finance costs	3	<u>-</u>	<u>(4)</u>
<b>Profit before taxation</b>	4	<b>85</b>	144
Tax on profit	7	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>		<b>85</b>	144
<b>Other comprehensive (loss) / income :</b>			
Actuarial (loss) / gain for the financial year	14	<u>(266)</u>	265
<b>Total comprehensive (loss) / income for the year</b>		<b><u>(181)</u></b>	<b>409</b>

All results relate to continuing operations.

## NSK Precision UK Limited

### Statement of financial position as at 31 March 2021

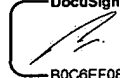
	Note	2021 €'000	2020 €'000
<b>Non-current assets</b>			
Property, plant and equipment	9	1,011	1,163
Pension surplus	14	187	327
		<u>1,198</u>	<u>1,490</u>
<b>Current assets</b>			
Inventories	10	1,273	1,447
Trade and other receivables	11	1,513	1,156
Cash and cash equivalents		67	-
		<u>2,853</u>	<u>2,603</u>
Trade and other payables	12	(826)	(687)
<b>Net current assets</b>		<u>2,027</u>	<u>1,916</u>
<b>Total assets less current liabilities</b>		<u>3,225</u>	<u>3,406</u>
<b>Net assets</b>		<u>3,225</u>	<u>3,406</u>
<b>Capital and reserve</b>			
Called up share capital	15	1,121	1,121
Retained earnings		2,104	2,285
<b>Total shareholders' funds</b>		<u>3,225</u>	<u>3,406</u>

The financial statements on pages 12 to 33 were approved by the board of directors and were signed on its behalf by:

T. Parker

Director

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Date 15/12/2021

Registered Number 4774647

## NSK Precision UK Limited

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

	Called up Share capital	Retained earnings	Total shareholders' funds
	€'000	€'000	€'000
Balance as at 1 April 2019	1,121	1,876	2,997
Profit for the financial year	-	144	144
Other comprehensive expense for the year:	-	265	265
Total comprehensive income for the year	-	409	409
Balance as at 31 March 2020	1,121	2,285	3,406
Profit for the financial year	-	85	85
Other comprehensive loss for the year	-	(266)	(266)
Total comprehensive loss for the year	-	(181)	(181)
<b>Balance as at 31 March 2021</b>	<b>1,121</b>	<b>2,104</b>	<b>3,225</b>

## **NSK Precision UK Limited**

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

#### **1. Accounting policies**

##### **General information**

NSK Precision UK Limited is a private Company limited by shares and it is incorporated in United Kingdom. On 21 November 2021 the Company changed its registered address to The Place, Bridge Avenue, Maidenhead, England, SL6 1AF.

The principal activity of the Company is the manufacture of linear products for sale through its parent Company, NSK Europe Limited.

##### **Statement of compliance**

The individual financial statements of NSK Precision UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

##### **Summary of significant accounting policies**

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

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, on a going concern basis, and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006.

The financial accounts are prepared in Euro which is the functional currency of the Company and rounded to the nearest thousand.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note "Critical accounting judgements and key sources of estimation uncertainty" below.

Section 10 of FRS 102, "Accounting Policies" requires the directors to consider whether the accounting policies adopted in the financial statements are those judged to be the most appropriate to the Company's circumstances, are reviewed regularly and changed as appropriate. Having reviewed the Company's accounting policies, the directors are satisfied they are the most appropriate.

##### **Going concern**

NSK Europe Limited, as the immediate Parent Company of NSK Precision UK Limited, has confirmed in writing that it will support the Company as needed by continuing to provide access to NSK Europe Limited group facilities so that the Company can continue trading and meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future up to 31 December 2022, which is at least 12 months from the date of the approval of these financial statements. The Directors have considered the cash flow forecast and profitability of the Group, considering a reasonable worst-case scenario on the operations and performance of the NSK Europe Limited group and have concluded that it does not impact the ability of NSK Europe Limited to fulfil its obligations under the parental support arrangement. On this basis, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.



## **NSK Precision UK Limited**

### **Notes to the financial statements for the year ended 31 March 2021 - continued**

#### **1. Accounting policies (continued)**

##### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. NSK Precision UK Limited is a qualifying entity as its results are consolidated into the financial statements of NSK Europe Limited which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- (iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- (iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

##### **Foreign currencies**

###### *(i) Functional and presentation currency*

The Company's functional and presentation currency is Euro.

The Sterling to Euro exchange rate prevailing on the reporting date, which has been used to prepare the financial statements, was 1.17 (2020: 1.13).

###### *(ii) Transactions and balances*

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.

##### **Revenue**

Revenue represents amounts receivable for goods provided in the normal course of business, net of trade discounts, value added tax and other sales related taxes and is recognised at the point risk and rewards are transferred to the customer, typically being point of delivery.

## **NSK Precision UK Limited**

### **Notes to the financial statements for the year ended 31 March 2021 - continued**

#### **1. Accounting policies (continued)**

##### **Employee benefits**

The Company provides a range of benefits to employees, including defined benefit and defined contribution pension plans.

##### *(i) Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### *(ii) Defined contribution pension plans*

For defined contribution schemes the cost of providing benefits is charged to the statement of comprehensive income in the year in which they are incurred.

##### *(iii) Defined benefit pension plans*

The Company is party to an arrangement whereby one externally managed defined benefit pension scheme is operated for its employees.

Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit basis, discounted at the interest rate applicable to high-quality corporate bonds of the same currency and term as the liabilities. Scheme assets are measured at their fair value. Any surplus or deficit of scheme assets over liabilities is recognised in the Statement of financial position as an asset or deficit. An asset is only recognised to the extent that the surplus can be recovered through reduced contributions in the future or through refunds from the scheme. Scheme assets are held separately from those of the Company in independently administered funds.

The current service costs and any past service costs are charged to the statement of comprehensive income within administrative expenses – staff costs. The expected return on scheme assets less the unwinding of the discount on the scheme liabilities is included in finance costs. Actuarial gains and losses are recognised in the Statement of Comprehensive Income. Foreign exchange gains or losses arising on pension schemes held in a currency other than the functional currency of the Company are included in interest and similar items as either an income or expense. The pension scheme was closed to future accrual on 31 December 2016 so accordingly after this date the Company will not incur a current service cost.

The pension deficit or asset is allocated to the Company based on the number of current and past employees.

##### **Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

##### *(i) Current tax*

Corporation tax payable is provided on taxable profits at the current rate. The taxation liabilities of certain companies within the NSK Europe Limited group are reduced wholly or in part by the surrender of losses by fellow group companies.

##### *(ii) Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

## **NSK Precision UK Limited**

### **Notes to the financial statements for the year ended 31 March 2021 - continued**

#### **1. Accounting policies (continued)**

##### **Taxation - continued**

Deferred tax assets are recognised only to the extent that the directors consider that it's more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### **Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Once an asset has been brought into use its cost, less its estimated residual value, is written off in equal annual installments over its estimated useful life.

Assets are written off over the following periods:

Plant machinery and tools	between 3 and 15 years
---------------------------	------------------------

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in statement of comprehensive income.

##### **Leased assets**

Rental payments under operating leases are charged to the statement of comprehensive income on a straight line basis.

##### **Impairment of non-financial assets**

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

## **NSK Precision UK Limited**

### **Notes to the financial statements for the year ended 31 March 2021 - continued**

#### **1. Accounting policies (continued)**

##### **Impairment of non-financial assets (continued)**

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

##### **Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Where inventories are purchased from abroad, cost includes all expenses of importation and delivery to the Company's premises. Where inventories are manufactured by the Company in the United Kingdom, cost includes materials, labour and an appropriate proportion of manufacturing overheads. The net realisable value is based on the normal estimated selling price less further costs expected to be incurred for completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate. Cost is determined using the weighted average cost method.

##### **Cash and cash equivalents**

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

##### **Contingent liabilities**

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

## **NSK Precision UK Limited**

### **Notes to the financial statements for the year ended 31 March 2021 - continued**

#### **1. Accounting policies (continued)**

##### **Financial instruments**

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **(i) Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

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

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **(ii) Financial Liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

## **NSK Precision UK Limited**

### **Notes to the financial statements for the year ended 31 March 2021 - continued**

#### **1. Accounting policies (continued)**

##### **Financial instruments (continued)**

The Company does not hold or issue derivatives financial instruments.

##### *(iii) Offsetting*

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

##### **Related party transactions**

The Company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned. The Company discloses transactions with related parties which are not wholly owned with the same group.

##### **Research and development**

Research and development expenditure is written off to the statement of comprehensive income in the year of expenditure.

##### **Government grants**

Grants from the government are recognised as Other Operating Income at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. The grants recognised in the financial statements all relate to the Coronavirus Job Retention Scheme. There are no unfilled conditions and contingencies attached to recognised grants.

##### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *(i) Useful economic lives of property, plant and equipment*

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of property, plant and equipment and above for the useful economic lives for each class of asset.

## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 1. Accounting policies (continued)

##### Critical accounting judgements and key sources of estimation uncertainty (continued)

##### (ii) Retirement benefit obligation

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. This scheme was closed to future benefit accrual on the 31 December 2016, with participating members transferred to defined contribution arrangements. However, the underlying scheme assets and liabilities can still materially change.

The assumptions adopted reflect historical experience and current trends. See note 14 for the disclosures relating to the defined benefit pension scheme.

#### 2. Revenue

The Company only manufactures in the United Kingdom and in the opinion of the directors carried out only on one activity during the year. All revenue relates to the United Kingdom.

#### 3. Finance income and costs

	2021	2020
	€'000	€'000
Foreign exchange on pension scheme surplus (note 14)	5	-
Other finance income (note 14)	10	-
<b>Finance income</b>	<b>15</b>	<b>-</b>

	2021	2020
	€'000	€'000
Foreign exchange on pension scheme surplus (note 14)	-	(4)
<b>Finance costs</b>	<b>-</b>	<b>(4)</b>

## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 4. Profit before taxation

Profit before taxation is stated after charging / (crediting)

	2021 €'000	2020 €'000
Staff costs (note 5)	733	816
Depreciation (note 9)	158	205
Amount of materials charged to the statement of comprehensive income	1,283	1,963
Guaranteed minimum pension equalisation (Note 14)	7	-
Services provided by the Company's auditors:		
Audit related assurance services *	16	-
Operating lease rental	-	8

\* 2020: Audit fee €14 k was settled by a fellow Group Company.

Operating lease charge in 2020 represent recharges from another group Company, NSK Bearings Europe Limited for use of the plant site.

#### 5. Employee information

	2021 €'000	2020 €'000
Wages and salaries	635	711
Social security costs	53	55
Other pension costs – defined contribution (note 14)	45	50
	<u>733</u>	<u>816</u>

The employee costs in the prior year exclude the guaranteed minimum pension equalisation provision.

The average monthly number of people employed by the Company during the year was as follows:

By Activity	2021 Number	2020 Number
Production	18	24
Administration	4	4
	<u>22</u>	<u>28</u>



## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 5. Employee information (continued)

##### *Impacts of Government Furlough Scheme*

The above figures include the full cost of employees on furlough and such employees have also been included in the average monthly number of employees. As such they are comparable with the prior year, and represent a genuine staff reduction through plant efficiencies.

The Government furlough scheme was used primarily in April 2020 and May 2020. The total benefit received by the Company from the Government scheme was €35 k and was taken as Other Operating income.

##### **Directors' emoluments**

The total emoluments of directors were €nil (2020: €nil).

The directors who served during the year are also directors of either the parent Company, NSK Europe Limited or the ultimate parent Company, NSK Ltd. and their remuneration is met by those companies. Although they do receive remuneration from NSK Europe Limited or NSK Ltd. in respect of services to NSK Precision UK Limited, it is not practicable to allocate their remuneration to individual companies within the group. Therefore, all remuneration has been disclosed in the financial statements of either NSK Europe Limited or NSK Ltd..

#### 6. Tax on profit

	2021 €'000	2020 €'000
Total current tax	-	-

##### **Tax reconciliation:**

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the United Kingdom. The differences are explained below.

	2021 €'000	2020 €'000
<b>Profit before taxation:</b>	<b>85</b>	<b>144</b>
Profit multiplied by standard rate in the UK 19% (2020: 19%)	16	27
<i>Effects of:</i>		
(Income) not taxable / expenses not deductible	(50)	50
Deferred tax not recognised	46	(33)
Group relief claimed for nil consideration	(12)	(44)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 7. Tax on profit - continued

##### Factors affecting the future tax charge

The Company's tax charge will remain at nil for the foreseeable future as Group relief will continue to be claimed / surrendered at nil value.

Finance Bill 2021 had its third reading on 24 May 2021 and has been enacted on 10 June 2021, increasing tax rate to 25% from April 2023. Had it been enacted as at 31 March 2021, the effect on the tax charge in the statement of comprehensive income would have been nil.

#### 8. Unrecognised deferred tax

	2021 €'000	2020 €'000
Accelerated Capital Allowance	(170)	(150)
Pension	36	63
<b>At 31 March</b>	<b>(134)</b>	<b>(87)</b>

As in the prior year a deferred tax liability has not been recognised in respect of the book to tax timing differences, as there is insufficient evidence to show that it is probable that the Company will be able to benefit from their utilisation. The tax losses carried forward are available indefinitely against future taxable profits of the Company.

#### 9. Property, plant and equipment

	Plant, machinery and tools €'000
<b>Cost or valuation</b>	
At 1 April 2020	4,613
Additions	6
<b>At 31 March 2021</b>	<b>4,619</b>
<b>Accumulated depreciation</b>	
At 1 April 2020	3,450
Charge for the year	158
<b>At 31 March 2021</b>	<b>3,608</b>
<b>Net book value</b>	
<b>At 31 March 2021</b>	<b>1,011</b>
At 31 March 2020	1,163

## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 10. Inventories

	2021 €'000	2020 €'000
Raw materials and consumables	1,338	1,484
Work in progress	142	165
Provisions	(207)	(202)
	<u>1,273</u>	<u>1,447</u>

There is no material difference between the replacement cost of inventory and its carrying value.

#### 11. Trade and other receivables

	2021 €'000	2020 €'000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	1,311	980
VAT recoverable	26	17
Prepayments and accrued income	75	69
Other receivable	101	90
	<u>1,513</u>	<u>1,156</u>

Amounts owed by group undertakings are unsecured, non-interest bearing and are repayable on demand.

## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 12. Trade and other payables

	2021	2020
	€'000	€'000
Bank overdrafts	-	285
Trade payables	211	152
Amounts owed to group undertakings	525	232
Other payables	90	18
	<u>826</u>	<u>687</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and are repayable on demand. The overdraft in the Company of €nil (2020: €0.3 million) falls within the pooling arrangements of the immediate parent Company NSK Europe Limited. Overall the pool was in surplus and the interest rate is negligible. The overdraft position in the Company was cross guaranteed by NSK Europe Limited and the other members of the pool.

#### 13. Guarantees and other financial commitments

##### a) Capital commitments

The Company had capital commitments contracted but not provided for of €nil (2020: €nil).

##### b) Bank guarantees

The Company is party to a group cross guarantee arrangement relating to fellow subsidiary undertakings of NSK Europe Limited operating in the United Kingdom.

At 31 March 2021 the Company's gross maximum potential liability under the cross-guarantee arrangement amounted to €69.8 million (2020: €49.5 million), with net maximum potential liability under the cross-guarantee arrangement of €66,751 (2020: €nil).

##### Lease commitments

The Company had the following future minimum lease payments in respect of non-cancellable operating leases as follows:

##### Other leases

	2021	2020
	€'000	€'000
Within one year	-	-
Later than one year within five years	-	-
	<u>-</u>	<u>-</u>

## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 14. Retirement benefit obligation

The Company contributes to the NSK Pension scheme, a group funded pension scheme providing benefits based on career average earnings, and the assets of the scheme are held in a separate trustee administered fund.

The NSK Pension Scheme was closed to future benefit accrual on 31 December 2016. This resulted in a curtailment gain. This arises from the fact that the Scheme's liabilities in respect of active members is reduced on closure, because revaluation of benefits for deferred pensioners is linked mainly to future CPI inflations, where active members benefits are linked to RPI inflation, which is expected to be higher than CPI inflation.

Subsequent to the closure the Company commenced two liability management exercises:

- (i) Firstly, the Enhanced Transfer Value ("ETV") exercise, where eligible members received a 15% enhancement to their accrued benefit should they move their obligation to an alternative provider.
- (ii) The second exercise the Pension Increase Exchange ("PIE") provided eligible members with an increase in the current value of their pensions in exchange for a reduction in some future benefits.

Phase 1 of the above exercises was completed in 2016/17. Phase 2 of the above exercises took place during 2017/18. Phase 3 of the above exercise took place in the last quarter of 2018/19.

Members opting to exercise either option were required to seek independent financial advice, which was paid for by the Group.

Scheme assets are stated at their market value at 31 March 2021 and 31 March 2020. The principal financial assumptions made by the actuaries are shown in the table below:

#### **Guaranteed minimum pension equalisation (GMPs)**

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The Company provided in year ended 31 March 2019 €56,000 in respect of this matter.

A further court case was heard in 2020 concerning whether historic statutory transfer values paid out of schemes before 2018 need to be equalised. The court ruling made on 20 November 2020 confirmed that statutory transfers with GMPs built up between 17 May 1990 and 5 April 1997 need to be equalised. However, the Scheme's Trustee has received legal advice that the 2020 ruling does not place an obligation on the Trustee to pay top-ups in relation to transfers made as part of the Scheme's enhanced transfer value (ETV) exercises.

The new ruling leads to a further additional liability being recognised by the Company of €7,000.

	2021 % per annum	2020 % per annum
CPI inflation	2.4	1.8
Discount rate	2.1	2.4
RPI inflation	<u>3.0</u>	<u>2.5</u>

# NSK Precision UK Limited

## Notes to the financial statements for the year ended 31 March 2021 - continued

### 14. Retirement benefit obligation (continued)

#### The main demographic assumptions:

	31 March 2021	31 March 2020
Mortality table adopted	SAPS S3P 'Heavy' table with the following scaling applied: Member Lives Male/Female Pensioners: 92% / 104% Male/Female Deferreds: 95% / 109% Dependant Lives Female/Male Pensioners: 102% / 103% Female/Male Deferreds: 109% / 101%	SAPS 2 "All lives" table CMI2019 Core projections (S(k)=7.0, A=0.0) with a long-term future improvement rate of 1.25% p.a. with the following scaling applied: Male pensioners 108% Female pensioners 104% Male deferreds 122% Female deferreds 113% Male active deferreds 112% Female active deferreds 98%
Life expectancy for male currently aged 65	20.7 years	21.0 years
Life expectancy for female currently aged 65	22.9 years	23.2 years
Life expectancy at 65 for male currently aged 45	21.9 years	21.4 years
Life expectancy at 65 for female currently aged 45	24.1 years	24.2 years
Cash commutation	Members assumed to exchange 25% of their pension for a cash lump sum at retirement.	Members assumed to exchange 25% of their pension for a cash lump sum at retirement.

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 March 2021 %	Value at 31 March 2021 €'000	Long-term rate of return expected at 31 March 2020 %	Value At 31 March 2020 €'000
Bonds	2.1	3,442	2.4	3,227
Real estate	2.1	53	2.4	186
Cash	2.1	153	2.4	8
Total market value of scheme assets		3,648		3,421
Present value of scheme liabilities		(3,461)		(3,094)
Surplus in the scheme		187		327

## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 14. Retirement benefit obligation (continued)

The following amounts have been recognised in the performance statements:

##### Statement of Comprehensive Income

	2021 €'000	2020 €'000
<b>Gross profit</b>		
Guaranteed minimum pension equalisation (note 4)	7	-
Administration costs	5	5
<b>Total taken in the operating result</b>	<b>12</b>	<b>5</b>
<b>Other financial (income) / cost:</b>		
Expected return on pension scheme assets	(82)	(84)
Interest on pension scheme liabilities	72	84
Other finance income	(10)	-
Foreign currency translation (gain) / loss (note 3)	(5)	4
<b>Net finance (income) / cost</b>	<b>(15)</b>	<b>4</b>

##### Other comprehensive (expense) / income:

	2021 €'000	2020 €'000
Actual return less expected return on pension scheme assets	24	53
Experience gains arising on the scheme liabilities	98	13
Changes in financial assumptions underlying the scheme liabilities	(388)	199
<b>Actuarial (loss) / gain recognised in other comprehensive (expense) / income</b>	<b>(266)</b>	<b>265</b>

## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 14. Retirement benefit obligation (continued)

##### Movement in surplus during the year:

	2021 €'000	2020 €'000
Surplus / (deficit) at the beginning of the year	327	(54)
<b>Movement in the year:</b>		
Guaranteed minimum pension equalisation	(7)	-
Other finance income	10	-
Administration cost	(5)	(5)
Contributions	123	125
Actuarial (loss) / gain	(266)	265
Exchange gain / (loss) arising on the pension scheme deficit	5	(4)
<b>Surplus in the scheme at the end of the year</b>	<b>187</b>	<b>327</b>

	Scheme assets 2021 €'000	Scheme liabilities 2021 €'000
At beginning of the year	3,421	3,094
Interest on pension scheme liabilities	-	72
Expected return on pension scheme assets	82	-
Guaranteed minimum pension equalisation (note 4)	-	7
Employer contributions	123	-
Administration costs	(5)	-
Benefits paid	(138)	(138)
Change of assumptions	-	388
Other actuarial movement	24	(98)
Exchange arising on pension surplus	141	136
<b>At end of the year</b>	<b>3,648</b>	<b>3,461</b>



## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 14. Retirement benefit obligation (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2021	2020
Bonds	94.4%	94.3%
Cash	4.2%	5.4%
Real estate	1.4%	0.3%

The actual gain on scheme assets was €106,000 (2020: gain of €137,000).

The employer contributions made to the plans in the year to 31 March 2021 were €123,000 (2020: €125,000). The outstanding contributions at the end of the year were €11,000 (2020: €10,000).

The contribution expected to be paid for the year ended 31 March 2022 is £108,000 (€126,000).

#### 31 March 2020 Emphasis of Matter

In the prior year there was an emphasis of matter in relation to a 'material valuation uncertainty' as per RICS Red Book Global, within the real estate pension assets. There is no such uncertainty for the year ended 31 March 2021. There is no such uncertainty for the year ended 31 March 2021.

#### Defined contribution scheme

The amount charged to the Statement of Comprehensive Income in respect of the defined contribution scheme is €44,596 (2020: €50,022).

## NSK Precision UK Limited

### Notes to the financial statements for the year ended 31 March 2021 - continued

#### 15. Called up share capital

	2021 €'000	2020 €'000
<i>Authorised</i>		
5,000,000 (2020: 5,000,000) ordinary shares of €1.121 (£1) each	<u>5,605</u>	<u>5,605</u>
<i>Allotted and fully-paid</i>		
1,000,000 (2020: 1,000,000) ordinary shares of €1.121 (£1) each	<u>1,121</u>	<u>1,121</u>

#### 16. Ultimate parent undertaking and controlling party

The Company is a wholly owned immediate subsidiary of NSK Europe Limited, a company registered in England and Wales. NSK Europe Limited is itself a wholly owned subsidiary of NSK Ltd., the ultimate parent company and controlling party, which is incorporated in Japan.

NSK Ltd. heads the largest group in which the results of the Company are consolidated. The financial statements of NSK Ltd. are available to the public and may be obtained from NSK Ltd., Nissei Building, 6-3 Ohsaki 1-Chome, Shinagawa-ku. Tokyo 141, Japan. The parent of the smallest group for which financial statements including the Company are drawn up is NSK Europe Limited. Copies of the financial statements can be obtained from the Company secretary at Belmont Place, Belmont Road, Maidenhead, Berkshire, SL6 6TB.

#### 17. Subsequent events

On 21 November 2021 the company changed its registered address to:

The Place,  
Bridge Avenue,  
Maidenhead,  
England.  
SL6 1AF.