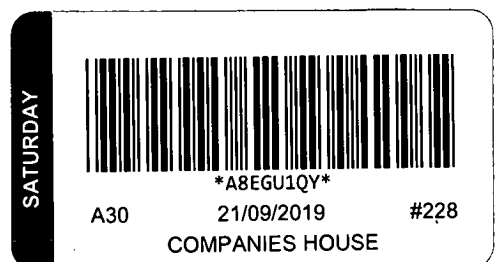


**Senju Manufacturing (Europe) Limited**

**Directors' Report, Strategic Report and  
financial statements**

**Registered number 03259757**

**31 December 2018**



## Contents

|   |    |
|---|----|
| Company information   | 1  |
| Directors' Report   | 2  |
| Statement of directors' responsibilities in respect of the Directors' Report, Strategic Report and the financial statements | 3  |
| Strategic Report  | 4  |
| Independent auditor's report to the members of Senju Manufacturing (Europe) Limited   | 6  |
| Statement of Income and Retained Earnings   | 8  |
| Balance Sheet   | 9  |
| Cash Flow Statement   | 10 |
| Notes to the financial statements   | 11 |

## **Company information**

### **Directors**

Eihiko Muramatsu  
Tetsuya Okunô  
Satoru Akita

### **Registered office**

Suite 3, Courtyard House  
Mill Lane  
Godalming  
Surrey  
GU7 1EY  
UK

### **Auditor**

KPMG LLP  
Chartered Accountants  
Arlington Business Park  
Theale  
Berkshire  
RG7 4SD

## Directors' Report

The directors present their Directors' Report, Strategic Report and financial statements for the year ended 31 December 2018.

### Principal activities

During the year ended 31 December 2018, the company's principal activity was the manufacturing of solder product for the European electronics and automotive industries. However, on 25 March 2019 the directors took the decision to cease trading following a decision to move manufacturing to the Czech Republic. As the directors intend to liquidate the company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.2.

### Directors

The directors who held office during the year were as follows:

Eihiko Muramatsu  
Tetsuya Okuno  
Yoshiya Haga (resigned 31 July 2018)  
Satoru Akita (appointed 31 July 2018)

### Proposed dividend

Dividends paid during the year comprise of an interim dividend in respect of the year ended 31 December 2018 of €30.00 (2017: €30.00) per share which amounted to €600,000 (2017: €600,000). The directors do not recommend the payment of a final dividend for the year (2017: €nil).

### Political donations

During the year the Company made political donations of €nil (2017: €nil).

### Charitable donations

During the year the Company made charitable donations of €677 (2017: €863).

### Employment and training matters

The Company currently employs disabled persons. Any disabled employees are offered the same opportunities for training and advancement as able bodied employees. The Company holds regular staff meetings to keep its employees informed about the affairs, policy and performance of the Company.

### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 13 September 2019 and signed on its behalf by:



Eihiko Muramatsu  
Director

Senju Manufacturing (Europe) Limited  
Suite 3, Courtyard House  
Mill Lane, Godalming  
Surrey GU7 1EY  
UK

## Statement of directors' responsibilities in respect of the Directors' Report, Strategic Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. As explained in Note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Strategic Report

The directors consider that the results for the year and the financial position at the end of the year were satisfactory.

### Review of business and future developments

The year was characterised by reduced sales and increased margins. As shown in the Statement of Income and Retained Earnings on page 9, sales reduced to €22,830,937 (2017: €25,793,054) with an increase in gross profit margin to 13% (2017: 11%). This was a result of shifting production to a new related company in Czech Republic, combined with lower raw materials costs. This resulted in an increase in the Company's financial performance as measured by its key performance indicator, gross margin.

Sales and profit for 2019 are expected to reduce as production is shifted to the Czech Republic factory and raw material prices increase. The Group continues to be a world leader in the development of low silver solder products.

### Closure of Company

The decision by the UK to leave the EU ("Brexit") created uncertainty and volatility in the market. As a direct result of pressure from European customers it was decided after the year-end to move all production to Senju Manufacturing Europe SRO, a fellow group company in the Czech Republic. Production in the UK ended in May 2019 and the Company is in the process of closing.

### Key figures

|  | 2018       | 2017       | 2016       |
|--|------------|------------|------------|
| <i>Income statement</i>  |            |            |            |
|  | €          | €          | €          |
| Turnover   | 22,830,937 | 25,793,054 | 21,799,978 |
| Operating profit (EBIT)  | 1,626,169  | 1,640,627  | 1,525,767  |
| Net profit   | 1,306,702  | 1,320,574  | 1,214,074  |
| <i>Balance sheet</i>   |            |            |            |
| Non current assets   | -          | 101,544    | 86,804     |
| Current assets   | 13,788,702 | 14,387,323 | 14,214,217 |
| Current liabilities  | 4,830,784  | 6,237,401  | 6,774,072  |
| Provisions for liabilities   | 11,664     | 11,914     | 7,971      |
| Equity   | 8,946,254  | 8,239,552  | 7,518,978  |
| <i>Miscellaneous</i>   |            |            |            |
| Net cash flow in the period (net of effect of exchange rate fluctuations on cash held) | (51,666)   | (60,659)   | 100,995    |
| Employees (average)  | 22         | 22         | 18         |
| Employees at year end  | 22         | 22         | 18         |
| <i>Key ratios</i>  |            |            |            |
| Gross profit margin  | 13%        | 11%        | 13%        |
| Operating profit percentage  | 7%         | 6%         | 7%         |
| Net profit percentage (post tax)   | 6%         | 5%         | 6%         |

## Strategic Report *(continued)*

### Revenue

Revenue decreased by 11% in 2018 (2017: increase by 18%). This decrease was consistent with management expectation and tied in with the shift of production to the Czech Republic.

### Gross margin

Percentage gross margin has increased due to lower costs of raw material.

### Liquidity

The net cash outflow for the year amounted to €51,666 in 2018 (2017: net cash outflow of €60,659) (net of effect of exchange rate fluctuations on cash held). This was a result of lower gross profit margins and the acquisition of tangible fixed assets. Trade debtors (including group debtors) decreased by 10% (2017: increased by 8.0%).

Expenditure on fixed assets was €38,869 (2017: €56,956). This reflected investment in increased production capacity to support expected increased demand.

The profit for the year after taxation amounted to €1,306,702 (2017: €1,320,574). Both the level of business during the year and the year-end financial position were satisfactory.

### Risk management

The management of financial and currency risk is undertaken by the ultimate parent company (Senju Metal Industry Co., Limited). The policy is set by the main board and reviewed annually. To minimise risk in the supply chain, the group has procedures in place to switch production or suppliers at short notice should a problem arise.

### Financial risks

The Company is exposed to a variety of financial risks. The Company's overall risk management programme seeks to minimise potential risks for the Company as part of the group. The directors review and agree policies for managing risks. The most important components of financial risk impacting the group are price risk and foreign exchange rate risk.

The Company is exposed to commodity price risk as a result of its operations. In order to manage this exposure, the Company seeks to match its purchases to its sales.

### Credit risk

A significant portion of debtors relate to intercompany sales, notably to Senju Metal Europe GMBH. The Company does not consider that it has significant credit risk with its other customers, none of which represent a significant portion of the Company's revenue.

### Interest rate risk

The Company does not enter into any fixed rate interest arrangements and has no borrowings. The Company does not consider that it has significant interest rate risk.

### Foreign currency risk

The majority of turnover and cost of sales are denominated in Euros. The Company has limited exposure to changes in foreign currency exchange rates due to the Euro being the functional currency and therefore has no specific strategies to manage the minimal exposure.

### Fair value of financial instruments

The Company's only financial instruments are short term receivables, payables and cash in hand. Accordingly, the directors believe that there is no significant difference between the book values and the fair values of the financial instruments.

Approved by the Board on 13 September 2019 and signed on its behalf by:



Eihiko Muramatsu

Director

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENJU MANUFACTURING (EUROPE) LIMITED**

## **Opinion**

We have audited the financial statements of Senju Manufacturing (Europe) Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Income and Retained Earnings, Balance Sheet and Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Emphasis of matter - non-going concern basis of preparation**

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENJU MANUFACTURING (EUROPE) LIMITED *(continued)*

## Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in Note 1.2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

## Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of our audit work and to whom we owe our responsibilities

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.



**James Ledward (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Arlington Business Park  
Theale  
Berkshire  
RG7 4SD

13 September 2019

**Statement of Income and Retained Earnings**  
*for the year ended 31 December 2018*

|   | Note  | 2018<br>€    | 2017<br>€    |
|---|-------|--------------|--------------|
| <b>Turnover</b>   |       | 22,830,937   | 25,793,054   |
| Cost of sales   |       | (19,887,780) | (22,853,472) |
| <b>Gross profit</b>   |       | 2,943,157    | 2,939,582    |
| Administrative expenses                                     |       | (1,316,988)  | (1,298,955)  |
| <b>Operating profit</b>                                     |       | 1,626,169    | 1,640,627    |
| Interest receivable and similar income                      | 5     | 455          | -            |
| Interest payable and similar expense                        | 6     | (3,778)      | (3,559)      |
| <b>Profit before taxation</b>                               |       | 1,622,846    | 1,637,068    |
| Tax on profit   | 7     | (316,144)    | (316,494)    |
| <b>Profit after taxation</b>                                | 2, 15 | 1,306,702    | 1,320,574    |
| Retained earnings at the beginning of the reporting period  |       | 8,219,552    | 7,498,978    |
| Dividends paid  |       | (600,000)    | (600,000)    |
| <b>Retained earnings at the end of the reporting period</b> |       | 8,926,254    | 8,219,552    |

Turnover and operating profit derive wholly from operations discontinued in 2019.

The company has no items of other comprehensive income in any of the periods for which financial statements are presented. As such, no separate statement of other comprehensive income is presented.

The notes on pages 11 to 21 form an integral part of these financial statements.

This page does not form part of the statutory financial statements

**Balance Sheet**  
*at 31 December 2018*

|   | <i>Note</i> | <b>2018</b>        |                  | <b>2017</b>        |                  |
|---|-------------|--------------------|------------------|--------------------|------------------|
|   |             | €                  | €                | €                  | €                |
| <b>Fixed assets</b>                                   |             |                    |                  |                    |                  |
| Tangible assets                                       | 8           |                    | -                |                    | 101,544          |
| <b>Current assets</b>                                 |             |                    |                  |                    |                  |
| Stocks  | 9           | 5,699,059          |                  | 5,684,219          |                  |
| Tangible assets for sale                              | 10          | 58,787             |                  | -                  |                  |
| Debtors   | 11          | 5,856,357          |                  | 6,476,939          |                  |
| Cash at bank and in hand                              |             | 2,174,499          |                  | 2,226,165          |                  |
|   |             | <u>13,788,702</u>  |                  | <u>14,387,323</u>  |                  |
| <b>Creditors: amounts falling due within one year</b> | 12          | (4,830,784)        |                  | (6,237,401)        |                  |
| <b>Provision for liabilities</b>                      | 13          | (11,664)           |                  | -                  |                  |
|   |             | <u>(4,842,448)</u> |                  | <u>(6,237,401)</u> |                  |
| <b>Net current assets</b>                             |             |                    | <u>8,946,254</u> |                    | <u>8,149,922</u> |
| <b>Total assets less current liabilities</b>          |             |                    | <u>8,946,254</u> |                    | <u>8,251,466</u> |
| <b>Provision for liabilities</b>                      | 13          |                    | -                |                    | (11,914)         |
| <b>Net assets</b>                                     |             |                    | <u>8,946,254</u> |                    | <u>8,239,552</u> |
| <b>Capital and reserves</b>                           |             |                    |                  |                    |                  |
| Called up share capital                               | 14          | 20,000             |                  | 20,000             |                  |
| Profit and loss account                               |             | 8,926,254          |                  | 8,219,552          |                  |
| <b>Equity shareholders' funds</b>                     | 15          | <u>8,946,254</u>   |                  | <u>8,239,552</u>   |                  |

Approved by the Board on 13 September 2019 and signed on its behalf by:

  
**Eihiko Muramatsu**  
Director

The notes on pages 11 to 21 form an integral part of these financial statements.

## Cash Flow Statement

for the year ended 31 December 2018

|  | Note | 2018<br>€        | 2017<br>€        |
|--|------|------------------|------------------|
| <b>Cash flows from operating activities</b>                  |      |                  |                  |
| Operating profit   |      | 1,626,169        | 1,640,628        |
| Adjustments for:   |      |                  |                  |
| Depreciation, amortisation and impairment                    |      | 81,626           | 42,216           |
|  |      | <u>1,707,795</u> | <u>1,682,844</u> |
| Decrease/(increase) in trade and other debtors               |      | 620,584          | (506,647)        |
| (Decrease)/increase in stock                                 |      | (14,840)         | 272,882          |
| (Decrease) in creditors                                      | 16   | (1,406,510)      | (531,069)        |
|  |      | <u>907,029</u>   | <u>918,010</u>   |
| Dividends paid   | 15   | (600,000)        | (600,000)        |
| Interests paid   |      | (3,778)          | (3,559)          |
| Interests received   |      | 455              | -                |
| Tax paid   |      | (316,503)        | (318,153)        |
| Foreign exchange difference on conversion                    |      | 56,383           | 27,596           |
|  |      | <u>43,586</u>    | <u>23,894</u>    |
| <b>Net cash (outflow) / inflow from operating activities</b> |      |                  |                  |
| <b>Cash flows from investing activities</b>                  |      |                  |                  |
| Acquisition of tangible fixed assets                         | 8    | (38,869)         | (56,956)         |
|  |      | <u>(38,869)</u>  | <u>(56,956)</u>  |
| <b>Net cash from investing activities</b>                    |      |                  |                  |
| <b>Cash flows from financing activities</b>                  |      |                  |                  |
|  |      | <u>-</u>         | <u>-</u>         |
| <b>Net cash from financing activities</b>                    |      |                  |                  |
|  |      | <u>-</u>         | <u>-</u>         |
| <b>Net cash increase/(decrease) in this period</b>           |      | <u>4,717</u>     | <u>(33,062)</u>  |
| Cash and cash equivalents at the beginning of the year       |      | 2,226,165        | 2,286,824        |
| Effect of exchange rate fluctuations on cash held            |      | (56,383)         | (27,597)         |
|  |      | <u>2,174,499</u> | <u>2,226,165</u> |
| <b>Cash and cash equivalents at the end of the year</b>      |      |                  |                  |

The notes on pages 11 to 21 form an integral part of these financial statements.

## Notes to the financial statements

at 31 December 2018

### 1 Accounting policies

Senju Manufacturing (Europe) Limited is a company limited by shares incorporated in England. The Registered Office is Suite 3, Courtyard House, Mill Lane, Godalming, Surrey, GU7 1EY, United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102, applicable in the UK and Republic of Ireland ("FRS 102") as issued in September 2015.

Sales and cost of sales transactions are primarily denominated in Euros and the Company maintains its accounting records in this currency. The directors therefore consider that it is appropriate to present the financial statements in Euros.

#### 1.1 Measurement convention

The financial statements have been prepared under the historical cost convention.

#### 1.2 Going concern

In previous years, the financial statements have been prepared on a going concern basis. However, on 25 March 2019 the directors took the decision to cease trading following a decision to move manufacturing to the Czech Republic. Accordingly the directors have not prepared the financial statements on a going concern basis.

Following on from the decision by the UK to leave the EU on 29 March 2018 the Company faced demands from European customers that their products be made in the Czech Republic by Senju Comtek Corporation and not the UK. As a result the Company anticipated that reduced demand for products manufactured in the UK would result in operating losses. It was therefore decided to cease operations in the UK at the end of May 2019 and the site closed on 30 June 2019.

#### Fixed assets

Fixed assets have been impaired to their disposal value of €58,787 and reclassified to current assets to reflect their sale to Senju Manufacturing Europe SRO in June 2019.

#### Current assets

Debtors were received in full after the year end and inventory was sold to Senju Manufacturing Europe SRO at cost with no loss. As such there were no adjustments required in these financial statements for these items.

#### 1.3 Foreign currencies

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

#### 1.4 Basic financial instruments

##### *Trade and other debtors/creditors*

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

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and deposits repayable on demand.

## Notes to the financial statements (*continued*)

at 31 December 2018

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

#### 1.5 Property, Plant and Equipment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

|                       |                  |
|-----------------------|------------------|
| Plant and machinery   | 20% per annum    |
| Fixtures and fittings | 33% per annum    |
| Office equipment      | 10-33% per annum |
| Software              | 33% per annum    |
| Leasehold improvement | 20% per annum    |

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

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### 1.7 Employee benefits

##### *Defined contribution plans and other long-term employee benefits*

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

#### 1.8 Turnover

Turnover represents the value of goods dispatched, which is when contractual title passes to the purchaser, net of value added tax.

#### 1.9 Expenses

##### *Operating lease*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

## Notes to the financial statements *(continued)* at 31 December 2018

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

#### 1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

#### 1.11 Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### 2 Expenses and auditor's remuneration

Profit before taxation is stated after charging:

|   | 2018              | 2017              |
|---|-------------------|-------------------|
|   | €                 | €                 |
| Auditor's remuneration:                     |                   |                   |
| - Audit of these financial statements       | 29,427            | 27,420            |
| Foreign currency losses                     | 56,382            | 27,597            |
| Operating lease expenses                    | 197,024           | 199,308           |
| Depreciation of owned tangible fixed assets | 46,361            | 42,216            |
| Impairment of assets                        | 35,625            | -                 |
|   | <u>          </u> | <u>          </u> |

**Notes to the financial statements (continued)**  
**at 31 December 2018**

**3 Particulars of employees**

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

|                | 2018<br>Number | 2017<br>Number |
|----------------|----------------|----------------|
| Production     | 18             | 17             |
| Directors      | 1              | 1              |
| Administration | 3              | 4              |
|                | <u>22</u>      | <u>22</u>      |

As at 31 December 2018 the total number of persons employed by the Company was twenty two (2017: twenty two).

The aggregate employment costs of these persons were as follows:

|                                       | 2018<br>€      | 2017<br>€      |
|---------------------------------------|----------------|----------------|
| Wages and salaries                    | 917,467        | 912,838        |
| Staff NIC (employers)                 | 67,684         | 67,695         |
| Staff pensions (defined contribution) | 11,722         | 6,065          |
|                                       | <u>996,873</u> | <u>986,598</u> |

**4 Director's emoluments**

Aggregate director's remuneration for the year is as follows:

|  | 2018<br>€     | 2017<br>€      |
|--|---------------|----------------|
| Aggregate director's remuneration (including benefits in kind) | <u>98,927</u> | <u>149,151</u> |

There were no shares or share options received under long-term incentive schemes.

No director was a member of a money purchase pension scheme (2017: none).

**5 Interest receivable and similar income**

|                   | 2018<br>€  | 2017<br>€ |
|-------------------|------------|-----------|
| Interest received | <u>455</u> | <u>-</u>  |

**6 Interest payable and similar expense**

|                                      | 2018<br>€    | 2017<br>€    |
|--------------------------------------|--------------|--------------|
| Interest payable and similar expense | <u>3,778</u> | <u>3,559</u> |



**Notes to the financial statements (continued)**  
**at 31 December 2018**

**7 Taxation**

*Analysis of current period tax charge:*

|  | 2018<br>€             | 2017<br>€             |
|--|-----------------------|-----------------------|
| <b>Current tax</b>                             |                       |                       |
| Corporation tax charge                         | 316,394               | 312,594               |
| Adjustment in respect of previous year         | 74                    | (43)                  |
|  | <u>316,468</u>        | <u>312,551</u>        |
| <b>Deferred tax</b>                            |                       |                       |
| Origination and reversal of timing differences | (324)                 | 3,943                 |
| Impact of rate changes                         | -                     | -                     |
|  | <u>(324)</u>          | <u>3,943</u>          |
| <b>Total tax on profit</b>                     | <u><u>316,144</u></u> | <u><u>316,494</u></u> |

**Factors affecting current period tax credit**

The tax assessed on the profit for the year is higher (2017: higher) as the rate of corporation tax in the UK applicable for the year ended 31 December 2018 of 19.00% (2017: 19.25%).

The differences are reconciled below:

|  | 2018<br>€             | 2017<br>€             |
|--|-----------------------|-----------------------|
| Profit before taxation in the UK of 19.00% (2017: 19.25%)  | 1,662,846             | 1,637,068             |
| Standard rate corporation tax charge                       | 315,941               | 315,136               |
| Expenses not deductible for tax purposes (including goods) | 909                   | 1,555                 |
| Capital allowances in excess of depreciation               | 443                   | (4,101)               |
| Fixed asset timing differences                             | (324)                 | 3,943                 |
| Other  | (825)                 | (39)                  |
| <b>Total tax on profit</b>                                 | <u><u>316,144</u></u> | <u><u>316,494</u></u> |

**Factors which may affect future tax charges**

The rate of taxation is expected to follow the standard rate of UK corporation tax. On 8 July 2015 the Chancellor announced reductions in the statutory rate of UK corporation tax to 19.00% from 1 April 2017 then 18.00% from 1 April 2020. This change became substantively enacted on 26 October 2015. On 16 March 2016 the chancellor announced a reduction to 17.00% in the statutory rate of UK corporation tax from 1 April 2020. This change became substantively enacted on 15 September 2017 and has been used to calculate any deferred tax.

**Notes to the financial statements (continued)**  
*at 31 December 2018*

**8 Tangible fixed assets**

|                             | Plant and<br>machinery<br>€ | Fixtures and<br>fittings<br>€ | Office<br>equipment<br>€ | Software<br>€ | Leasehold<br>improvement<br>€ | Total<br>€ |
|-----------------------------|-----------------------------|-------------------------------|--------------------------|---------------|-------------------------------|------------|
| <b>Cost</b>                 |                             |                               |                          |               |                               |            |
| At beginning of year        | 966,550                     | 33,432                        | 57,226                   | 36,637        | 6,463                         | 1,100,308  |
| Additions                   | 26,094                      | 11,324                        | 620                      | 831           | -                             | 38,869     |
| Transfer to assets for sale | (662,169)                   | (4,687)                       | (18,773)                 | (8,016)       | -                             | (693,645)  |
| Disposal                    | (330,475)                   | (40,069)                      | (39,073)                 | (29,452)      | (6,463)                       | (445,532)  |
| At end of year              | -                           | -                             | -                        | -             | -                             | -          |
| <b>Depreciation</b>         |                             |                               |                          |               |                               |            |
| At beginning of year        | 891,513                     | 33,432                        | 39,962                   | 31,703        | 2,154                         | 998,764    |
| Charge for year             | 35,903                      | 2,585                         | 4,932                    | 1,648         | 1,293                         | 46,361     |
| Transfer to assets for sale | (608,809)                   | (4,687)                       | (13,345)                 | (8,016)       | -                             | (634,857)  |
| Impairment                  | 18,913                      | 9,248                         | 1,759                    | 2,203         | 3,142                         | 35,265     |
| Disposal                    | (337,520)                   | (40,578)                      | (33,308)                 | (27,538)      | (6,589)                       | (445,533)  |
| At end of year              | -                           | -                             | -                        | -             | -                             | -          |
| <b>Net book value</b>       |                             |                               |                          |               |                               |            |
| At 31 December 2018         | -                           | -                             | -                        | -             | -                             | -          |
| At 31 December 2017         | 75,037                      | -                             | 17,264                   | 4,934         | 4,309                         | 101,544    |

**9 Stocks**

|                | 2018<br>€        | 2017<br>€        |
|----------------|------------------|------------------|
| Raw materials  | 5,571,854        | 5,293,481        |
| Finished goods | 127,205          | 390,738          |
|                | <u>5,699,059</u> | <u>5,684,219</u> |

During the year €17,176,014 (2017: €20,740,864) of inventory was recognised as an expense in the profit and loss account.

**10 Tangible assets for sale**

Assets for sale comprise the disposal value of tangible fixed assets transferred into current assets as they were sold in June 2019.

**Notes to the financial statements (continued)**  
*at 31 December 2018*

**11 Debtors**

|                                    | 2018<br>€        | 2017<br>€        |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 494,581          | 597,955          |
| Amounts owed by group undertakings | 4,798,878        | 5,321,368        |
| Other debtors                      | 498,034          | 488,562          |
| Prepayments and accrued income     | 64,864           | 69,054           |
|                                    | <u>5,856,357</u> | <u>6,476,939</u> |

**12 Creditors: amounts falling due within one year**

|                                    | 2018<br>€        | 2017<br>€        |
|------------------------------------|------------------|------------------|
| Trade creditors                    | 137,770          | 134,041          |
| Amounts owed to group undertakings | 4,311,422        | 5,699,062        |
| Corporation tax                    | 119,091          | 119,200          |
| Social security and other taxes    | 45,267           | 47,027           |
| Accruals                           | 217,234          | 238,071          |
|                                    | <u>4,830,784</u> | <u>6,237,401</u> |

**13 Provision for liabilities**

**Deferred tax**

|  | 2018<br>€     | 2017<br>€     |
|--|---------------|---------------|
| At the beginning of the year   | 11,914        | 7,971         |
| Difference between accumulated depreciation, amortisation and capital allowances | (250)         | 3,943         |
|  | <u>11,664</u> | <u>11,914</u> |

**14 Allotted and issued share capital**

|   | 2018<br>€     | 2017<br>€     |
|---|---------------|---------------|
| <i>Equity:</i>  |               |               |
| <i>Allotted, called up and fully paid</i>   |               |               |
| 20,000 Ordinary shares of €1.00 each (2017: 20,000 Ordinary shares of €1.00 each) | <u>20,000</u> | <u>20,000</u> |

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

## Notes to the financial statements *(continued)* at 31 December 2018

### 15 Reconciliation of movements in shareholders' funds

|                                    | 2018<br>€ | 2017<br>€ |
|------------------------------------|-----------|-----------|
| Profit for the financial year      | 1,306,702 | 1,320,574 |
| Dividends                          | (600,000) | (600,000) |
| Opening equity shareholders' funds | 8,239,552 | 7,518,978 |
|                                    | <hr/>     | <hr/>     |
| Closing equity shareholders' funds | 8,946,254 | 8,239,552 |
|                                    | <hr/>     | <hr/>     |

### 16 Reconciliation of adjustment for movement in creditors in the cash flow statement

|   | 2018<br>€   | 2017<br>€ |
|---|-------------|-----------|
| (Decrease) in creditors amounts due within one year | (1,406,617) | (536,671) |
| Add back (decrease)/increase in corporation tax     | 107         | 5,602     |
|   | <hr/>       | <hr/>     |
| (Decrease) in creditors                             | (1,406,510) | (531,069) |
|   | <hr/>       | <hr/>     |

### 17 Financial commitments

As at 31 December 2018 the Company had total future minimum lease commitments under non-cancellable operating leases as follows:

Operating leases which expire:

|                           | Land and buildings |           | Other  |        |
|---------------------------|--------------------|-----------|--------|--------|
|                           | 2018               | 2017      | 2018   | 2017   |
|                           | €                  | €         | €      | €      |
| Within one year           | 144,359            | 146,391   | 44,890 | 40,479 |
| Within two and five years | 512,438            | 520,566   | 3,511  | 17,106 |
| Over five years           | 297,753            | 427,753   | -      | -      |
|                           | <hr/>              | <hr/>     | <hr/>  | <hr/>  |
|                           | 954,550            | 1,094,710 | 48,401 | 57,585 |
|                           | <hr/>              | <hr/>     | <hr/>  | <hr/>  |

During the year €197,024 was recognised as an expense in the profit and loss account in respect of operating leases (2017: €199,308).

The Company has a contractual commitment to a third party who provides warehousing, logistics and transport services. The contract includes a three month notice period. As at the balance sheet date the commitment under this contract is €13,148 (2017: €12,613). See note 22.1 for subsequent events and contract cancellation costs.

## Notes to the financial statements (continued)

at 31 December 2018

### 18 Pension scheme

#### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to €11,722 (2017: €6,065).

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

### 19 Related party transactions

During the year the Company had the following transactions in the normal course of business with the following related parties:

Senju Metal Europe GMBH is a shareholder in the Company. During the year the Company sold €18,954,823 (2017: €22,747,999) to, and purchased €441,165 (2017: €504,158) from Senju Metal Europe GMBH of which €3,909,113 (2017: €5,245,205) was receivable at the year end and €92,432 (2017: €134,443) was payable at the year end. The amounts outstanding are interest free, unsecured and due in 90 days.

Senju Metal Industry Co., Limited is a shareholder in the Company. During the year the Company charged €16,972 (2017: €nil) to, and purchased €17,095,254 (2017: €19,982,724) from Senju Metal Industry Co., Limited of which €337 (2017: €nil) was receivable at the year end and €4,218,990 (2017: €5,564,619) was payable at the year end. These amounts outstanding are interest free, unsecured and due in 120 days.

Senju Manufacturing Europe SRO is a subsidiary of Senju Metal Industry Co., Limited which is a shareholder in the Company. During the year the Company sold €1,010,534 (2017: €76,164) to, and purchased €181,368 (2017: €nil) from Senju Manufacturing Europe SRO of which €948,215 (2017: €76,164) was receivable at the year end and €nil (2017: €nil) was payable at the year end. These amounts outstanding are interest free, unsecured and due in 150 days.

Senju Comtek Corporation is a subsidiary of Senju Metal Industry Co., Limited which is a shareholder in the Company. During the year the Company sold €1,229 (2017: €nil) to Senju Comtek Corporation of which €nil (2017: €nil) was receivable at the year end and €nil (2017: €nil) was payable at the year end.

### 20 Ultimate parent company and parent undertaking of a larger group of which the company is a member

The Company is a subsidiary undertaking of Senju Metal Europe GMBH, Kirchnerstrasse 6-8, 60311 Frankfurt am Main, Germany a company, incorporated in Germany and Senju Metal Industry Co., Limited of 23 Senju-hashido-cho, Adachi-ku, Tokyo, Japan, incorporated in Japan. The ultimate parent company is Senju Metal Industry Co., Limited. Neither of these companies are required to produce consolidated financial statements.

### 21 Accounting estimates and judgement

#### Key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no critical accounting judgements or uncertain estimates in applying the Company's accounting policies.

## Notes to the financial statements *(continued)*

at 31 December 2018

### 22 Subsequent events

#### 22.1 Closure of the Company

Following on from the decision by the UK to leave the EU on 29 March 2018 the Company faced demands from European customers that their products be made in the Czech Republic by Senju Comtek Corporation and not the UK. As a result the Company anticipated that reduced demand for products manufactured in the UK would result in operating losses. It was therefore decided to cease production at the end of May 2019 and the Company is in the process of closing. See note 1.2 for the impact on these financial statements.

The decision to close the Company was made after the year end. As a result of the decision the Company subsequently agreed to redundancy costs of €132,424, lease surrender and dilapidation costs of €390,000 and contract cancellation costs of €45,675. None of these amounts were an obligation at the reporting date of 31 December 2018 and therefore no provisions have been made in these financial statements.

#### 22.2 HMRC duty audit

Following on from inspection by HMRC in February 2019 HMRC requested additional payments of duty and VAT from the use of incorrect commodity codes. The Company has challenged this assessment and is confident that no additional amounts will be due.