

Company Registration No. 1665506

IONBOND UK LIMITED

Report and Financial Statements

31 December 2015



REPORT AND FINANCIAL STATEMENTS 2015

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CORPORATE INFORMATION

DIRECTORS

J M Haggerty
J Ostman
C P Constable

SECRETARY

A G Frost

REGISTERED OFFICE

Unit 36
No.1 Industrial Estate
Medomsley Road
Consett
Co Durham
DH8 6TS

BANKERS

Barclays Bank plc.
PO Box 46116
London
EC4N 8WB

SOLICITORS

Robert Muckle
Norham House
12 New Bridge Street West
Newcastle upon Tyne
NE1 8AS

AUDITOR

Ernst & Young LLP
Citygate
St James Boulevard
Newcastle Upon Tyne
NE1 4JD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their Strategic Report for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company is the coating of cutting tools, components and decorative parts with a wear resistant coating, the research and development of surface engineering technology and the supply of consultancy services in the field of surface engineering. The company is part of the wider IHI group of companies incorporated in Japan.

REVIEW OF THE BUSINESS

During the financial year the company experienced a drop in underlying revenues/profitability due to the redesign of a significant long term project and delays in a development project that had been expected to yield higher revenues than was ultimately forthcoming in the year. Significant impact was also seen in the company's oil and gas related business due to the ongoing impact of the low worldwide crude oil prices. The economic uncertainty surrounding the pending UK referendum on continuing membership of the European Union is also responsible for some instability in UK industry in general.

The company continues to develop products and business opportunities that the directors believe will sustain the long term growth of the business through the uncertainties currently prevalent in UK manufacturing.

FINANCIAL RISK MANAGEMENT POLICY

The company's principal financial instruments comprise cash and cash equivalents. Other financial assets and liabilities, such as trade creditors, trade debtors and related party balances, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below. The company does not undertake any hedging activity.

INTEREST RATE RISK

The company invests surplus cash in short term fixed and variable rate interest yielding deposit accounts or loans surplus cash to other group companies. Therefore, financial assets, interest income and cash flows can be affected by movements in interest rates. However, the directors do not consider there to be any significant exposure.

CREDIT RISK

The company's policy is aimed at minimising such losses. Individual exposures and overdue debts are monitored with each customer and group company to ensure that the company's exposure to bad debts is managed accordingly.

LIQUIDITY RISK

The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital and major repair expenditure is approved by the directors and flexibility is maintained by retaining sufficient surplus cash in readily accessible bank accounts.

FOREIGN CURRENCY RISK

The company's principle transactions in foreign currency arise directly from the company's operating activities. The majority of costs are transacted in sterling therefore the foreign currency risk is minimal. The total exchange losses in the year amounted to £10,426 (2014: gain of £8,953). As a result, the company's cash flows arising from these transactions can be affected by movements in the exchange rates. No hedging activity is undertaken to mitigate this risk as it is not considered to be significant.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties that could have a material impact on the company's long-term performance and could cause actual results to differ materially from expected and historical results.

Issue	Risk	Mitigation
State of the economy	<p>The state of the UK economy in key markets has a significant impact on customer demand for the company's products and services. There is a risk that the economy in several markets could fall into a recession at the same time and in particular there is an exposure within our key customers to the Eurozone countries. Of particular concern is the current volatility of the exchange rates of the main trading areas of the company, those being primarily the Euro and the Swiss Franc.</p> <p>A further significant risk is the forthcoming referendum vote on the UK membership of the European Union. Whilst Ionbond UK has a primarily UK focussed customer base, our customers are at risk from a potential UK exit which would therefore impact on the trading levels of Ionbond UK.</p>	<p>A recession will result in a significant drop in customer demand across the industry. The company mitigates the risk by maintaining significant workforce flexibility and controlling the profitability of the business closely.</p> <p>The impact of a UK vote to exit the European Union is, at this time, unquantifiable so identifying the factors that could mitigate the impact of such a vote are not possible.</p>
Competition	The company is in a technologically advantageous position in various market segments. There is a risk that competition will increase. This could result in price pressure and have a negative impact on margins. In addition, it might shorten the lifecycles of the product portfolio and result in a loss of market share.	The company is a member of a market-oriented organisation that consistently monitors changes in market needs and changes in competitor behaviour. The high engineering competence of the company, and the Group of which it is a member, allows it to act quickly in the areas of process and product development and to adapt its products and service portfolio accordingly.
Product liability	There is a risk of product recall and claims for recompense due to failure of the coating, especially in the automotive, aviation and medical sectors.	The company has implemented industry-specific quality systems in order to ensure the quality of the products and services provided. In addition, the company has insurance coverage for product liability cases.
Operations	The company's manufacturing facilities could be disrupted for reasons beyond the company's control such as fire, work force actions or other issues.	The company, and the Group of which it is a member, prepares detailed recovery plans for the most likely situations so that, at all our facilities, business continuity procedures are in place and staff have been appropriately trained to implement them should these situations

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

		occur. In addition, customer orders could be transferred to other facilities of the company or as a worst-case scenario other facilities of the Group.
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Approved by the Board of Directors and signed on behalf of the Board



J M Haggerty

Director

Date: 26 May 2016

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and financial statements of the company for the year ended 31 December 2015.

RESULTS AND DIVIDENDS

The profit for the year, after tax, amounted to £432,733 (2014: profit of £546,849). A dividend of £274,653 (2014: £129,315) was paid in 2 instalments. An interim dividend of £201,624 was paid on 24 September 2015 and the remaining £73,029 was paid on 15 December 2015.

FUTURE DEVELOPMENTS

The company is expected to continue in its current capacity as a provider of thin film surface coatings and research and development company for the foreseeable future.

GOING CONCERN

The company meets its day-to-day working capital requirements directly from funds generated by its ongoing operations. The diverse nature of the company's business portfolio and the expansion of its coating portfolio will enable the company to meet its commitments in the future and continue to build the business.

The company manages its cash flow on a wider group basis. In the current year the company has loaned cash to other group companies totalling £70,906 (2014: £28,145). In addition to this the company has also funded the current fixed asset additions from its own cash flows. The terms of the group's finance arrangements do not permit an overdraft at local level. The company has been able to fully comply with this throughout the period. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the current terms for a period of at least 12 months from the signing of these financial statements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DIRECTORS

The directors who held office during the year were:

J M Haggerty

G J van der Kolk (Resigned 7 April 2016)

J Ostman (Appointed 7 April 2016)

C P Constable (Appointed 7 April 2016)

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued. Regular meetings are held to allow a free flow of information and ideas.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

AUDITORS

In accordance with S.485 of the Companies Act 2006, a shareholder resolution is to be proposed for the re-appointment of Ernst & Young LLP as auditor of the company.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'J M Haggerty', with a stylized flourish at the end.

J M Haggerty

Director

Date: 26 May 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IONBOND LIMITED

We have audited the financial statements of Ionbond UK for the year ended 31 December 2015, which comprises the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Financial Position and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IONBOND UK LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Darren Rutherford (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
Newcastle Upon Tyne

Date:

16/6/18

INCOME STATEMENT
Year ended 31 December 2015

	Note	2015 £	2014 £
TURNOVER	2	3,733,737	4,097,633
Cost of sales		(2,235,298)	(2,345,807)
GROSS PROFIT		1,498,439	1,751,826
Selling & Distribution Costs		(475,215)	(487,529)
Administrative Expenses		(605,051)	(643,439)
OPERATING PROFIT	3	418,173	620,858
Interest payable and similar charges	6	(66)	(60)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		418,107	620,798
Tax credit/(charge) on profit on ordinary activities	7	14,626	(73,949)
PROFIT FOR THE FINANCIAL YEAR		432,733	546,849

All amounts relate to continuing activities.

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	2015 £	2014 £
PROFIT FOR THE FINANCIAL YEAR	432,733	546,849
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	432,733	546,849

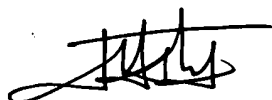
STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £	Capital contribution £	Profit and loss £	Total £
At 1 January 2014	1,150,000	226,298	1,314,188	2,690,486
Profit for the financial year	-	-	546,849	546,849
Dividends paid (note 14)	-	-	(129,315)	(129,315)
At 1 January 2015	1,150,000	226,298	1,731,722	3,108,020
Profit for the financial year	-	-	432,733	432,733
Dividends paid (note 14)	-	-	(274,653)	(274,653)
At 31 December 2015	1,150,000	226,298	1,889,802	3,266,100

STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Tangible assets	8	1,765,395	2,004,676
		<u>1,765,395</u>	<u>2,004,676</u>
CURRENT ASSETS			
Stocks	9	174,371	182,607
Debtors	10	1,561,693	1,574,216
Cash at bank		363,519	293,256
		<u>2,099,583</u>	<u>2,050,079</u>
CREDITORS: amounts falling due within one year	11	(464,477)	(793,458)
NET CURRENT ASSETS		<u>1,635,106</u>	<u>1,256,621</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,400,501	3,261,297
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	12	(134,401)	(153,277)
NET ASSETS		<u>3,266,100</u>	<u>3,108,020</u>
CAPITAL AND RESERVES			
Called-up share capital	13	1,150,000	1,150,000
Capital contribution		226,298	226,298
Profit and loss account		1,889,802	1,731,722
SHAREHOLDERS' FUNDS		<u>3,266,100</u>	<u>3,108,020</u>

These financial statements were approved and authorised for issue by the board of directors on 26/5/16 and were signed on their behalf by:



J M Haggerty

Director

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2015

1. ACCOUNTING POLICIES

Statement of compliance

Ionbond UK Limited is a limited liability company incorporated in England. The registered office is Unit 36, Number 1 Industrial Estate, Medomsley Road, Consett, Co. Durham, DH8 6TS.

The company's financial statements have been prepared in compliance with FRS 102, for the first time, for the period ended 31 December 2015. The company transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 24.

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- the requirements of Section 33.7 Related Party Disclosures

The group in which the results of the company are consolidated is IHI Corporation, a company incorporated in Japan. Copies of the group financial statements of IHI Corporation are available from the registered office TOYOSU IHI BUILDING., 1-1, Toyosu 3-chome, Koto-ku, Tokyo 135-8710, Japan.

Basis of preparation and change in accounting policy

The financial statements have been prepared in accordance with applicable accounting standards.

The accounting principles used to prepare the financial statements are based on historical cost, unless stated otherwise.

The financial statements are prepared in GBP sterling which is the functional currency of the company.

Judgement and key sources of estimation and uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the period under review. The following judgements have had the most significant impact on the amounts recognised in the financial statements.

Taxation

Judgement is required when determining the provision for taxes. Tax benefits are not recognised unless it is probable that the benefit will be obtained. Tax provisions are made if it is possible that a liability will arise. The company reviews each significant tax liability or benefit to assess the appropriate accounting treatment. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2015

1. ACCOUNTING POLICIES (CONTINUED)

Other significant accounting policies

Tangible fixed assets

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less the estimated residual value of each asset on a straight line basis over its estimated useful economic life as follows:

Improvements to leasehold buildings	-	life of lease
Plant and machinery (research related assets)	-	4 years
Plant and machinery (other)	-	5-20 years
Motor vehicles	-	3-4 years
Fixtures and fittings	-	3-5 years

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

Stock

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Grants

Grants in respect of capital expenditure are capitalised to the balance sheet and amortised to the income statement, following either the depreciation charge of the fixed assets or the project life of the grant.

Operating lease commitments

The company has entered into commercial property leases as a lessee as it obtains use of various items of property, plant and equipment. The classification of such leases as operating or financing leases requires the company to determine, based on the evaluation of the terms and conditions of the lease agreements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the asset requires an asset and a liability to be recognised in the statement of financial position.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the balance sheet date. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. All differences are taken to the income statement.

Pension costs

The company contributes to a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS**At 31 December 2015****1. ACCOUNTING POLICIES (CONTINUED)****Taxation**

Current tax is provided at amounts expected to be paid using the rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services, stated net of value added tax.

The turnover and profit before tax are attributable to the principal activities of the company.

Segmental analysis has not been disclosed as Ionbond UK Limited's ultimate parent undertaking provides segmental accounting disclosures in compliance with the relevant standard and which includes the company's results.

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets – owned	425,773	432,161
Amortisation of grants	(4,583)	-
Fees payable to the company's auditors for the audit of the company's financial statements	10,643	10,136
Fees payable to the company's auditors for tax services	-	-
Operating lease rentals:		
Plant and machinery	37,907	34,083
Land and buildings	93,463	93,463
Foreign exchange loss/(gain)	10,426	(8,953)
Research & development expenses	21,670	25,537

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2015

4. DIRECTORS' REMUNERATION AND INTERESTS

The directors of the company were paid by the ultimate parent undertaking and fellow subsidiaries.

The directors received no remuneration in respect of their services to the company for the year ended 31 December 2015 (2014: nil). Certain directors are remunerated for their services to the Group as a whole, of which the company is a member. The company is charged annually for its proportion of their remuneration in accordance with the Group Management Services contract currently in force.

5. STAFF COSTS

Particulars of employees are as shown below:

	2015	2014
	£	£
Employee costs during the year:		
Wages and salaries	1,445,567	1,427,334
Social security costs	126,863	125,263
Other pension costs	70,609	68,159
	<u>1,643,039</u>	<u>1,620,756</u>

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

	2015	2014
	No.	No.
Management	3	3
Administration	4	4
Sales	2	2
Production	36	36
Research	2	2
	<u>47</u>	<u>47</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Other interest payable	<u>66</u>	<u>60</u>

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2015

7. TAX

a. Tax on profit on ordinary activities.

	2015 £	2014 £
Current tax on profit on ordinary activities:		
UK corporation tax	30,431	46,932
Adjustments in respect of prior periods	(26,181)	(16,118)
	<u>4,250</u>	<u>30,814</u>
Deferred tax:		
Origination and reversal of timing differences	(3,012)	59,070
Adjustments in respect of prior years	(967)	(11,814)
Effect of tax rate change	(14,897)	(4,121)
Total deferred tax	<u>(18,876)</u>	<u>43,135</u>
Total tax on profit on ordinary activities	<u>(14,626)</u>	<u>73,949</u>

b. The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £	2014 £
Profit on ordinary activities before taxation	418,107	620,798
Tax at 20.25% (2014: 21.5%) thereon	84,667	133,472
Effects of:		
Expenditure not deductible for tax purposes	8,142	6,713
Adjustment in respect of prior periods current tax	(26,181)	(16,118)
Adjustment in respect of prior periods deferred tax	(968)	(11,814)
Group relief received at £nil cost	(65,389)	(34,183)
Difference in tax rates	(14,897)	(4,121)
Total tax on profit on ordinary activities	<u>(14,626)</u>	<u>73,949</u>

c. Factors that may affect future tax charges

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the main rate of UK corporation tax to 21% effective from 1 April 2014 and 20% with effect from 1 April 2015. Accordingly, 20% has been applied when calculating deferred tax assets and liabilities as at 31 December 2014.

Finance Act No2 2015, which was substantively enacted on 26 October 2015, includes further provisions to reduce the corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Accordingly, deferred tax assets and liabilities at 31 December 2015 have been calculated at 18% being the rate applicable to the period in which timing differences are expected to reverse.

During the year beginning 1 January 2016, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax for the year by £46,322. This is due to the expected movement on the timing difference on the capital allowances in excess of depreciation.

In addition, on 16 March 2016 the Government announced in the 2016 Budget Report that there would be a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. As this has not been substantively enacted at the balance sheet date these rates do not apply to the deferred tax position at 31 December 2015 or to the above expected reversal.

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2015

8 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and motor vehicles £	Assets in the course of Construction £	Total £
Cost					
At 1 January 2015	287,111	7,090,094	139,991	89,536	7,606,732
Additions	-	-	-	186,492	186,492
Transfers	-	90,132	(4,552)	(85,580)	-
Transfers from Group Companies	-	29,092	-	(18,425)	10,667
At 31 December 2015	287,111	7,209,318	135,439	172,023	7,803,891
Depreciation					
At 1 January 2015	132,347	5,405,217	64,492	-	5,602,056
Charge for the year	51,624	349,983	24,166	-	425,773
Depreciation on transfers from group companies	-	10,667	-	-	10,667
At 31 December 2015	183,971	5,765,867	88,658	-	6,038,496
Net book value					
At 31 December 2015	103,140	1,443,451	46,781	172,023	1,765,395
At 31 December 2014	154,764	1,684,877	75,499	89,536	2,004,676

9. STOCK

	2015 £	2014 £
Raw materials and consumables	164,371	172,607
Work in progress	5,500	5,500
Finished goods	4,500	4,500
	<u>174,371</u>	<u>182,607</u>

10. DEBTORS

	2015 £	2014 £
Trade debtors	573,762	631,110
Amounts owed by group undertakings – loans	901,659	830,753
Amounts owed by group undertakings – trading	1,643	55,815
Prepayments and accrued income	58,446	56,538
Corporation tax recoverable	26,183	-
	<u>1,561,693</u>	<u>1,574,216</u>

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2015

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ~~ONE~~ YEAR

	2015	2014
	£	£
Trade creditors	142,150	203,437
Amounts owed to group undertakings – trading	30,632	280,309
Other taxation and social security payable	143,854	143,422
Deferred grants	50,417	-
Accruals and deferred income	86,646	160,127
Corporation tax payable	10,778	5,904
	<u>464,477</u>	<u>793,458</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax	Deferred taxation £
At 1 January 2015	153,277
Credited to the profit and loss account during the year	(18,876)
At 31 December 2015	<u>134,401</u>

Deferred tax is provided as follows:

	2015	2014
	£	£
Capital allowances in excess of depreciation	135,959	153,277
Other timing differences	(1,558)	-
Total provision for deferred tax	<u>134,401</u>	<u>153,277</u>

13. CALLED-UP SHARE CAPITAL

	2015	2014
	£	£
Allotted, called-up and fully paid		
1,150,000 ordinary shares of £1 each	<u>1,150,000</u>	<u>1,150,000</u>

14. DIVIDENDS AND OTHER APPROPRIATIONS

	2015	2014
	£	£
Declared and paid during the year		
Equity dividends on ordinary shares:		
Paid for 2015: 23.882p (2014: 6.155p)	<u>274,653</u>	<u>129,315</u>

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2015

15. OTHER FINANCIAL COMMITMENTS

At 31 December 2015 the company future minimum rentals payable under non-cancellable operating leases of:

	2015 Land and buildings £	2015 Plant and machinery £	2014 Land and buildings £	2014 Plant and machinery £
Operating leases:				
Within one year	93,463	13,411	93,463	16,328
Between two and five years	93,463	19,843	189,926	33,254
Over five years	-	-	-	-
	<u>189,926</u>	<u>33,254</u>	<u>280,389</u>	<u>49,582</u>

16. PENSION COMMITMENTS

The company contributes to a number of defined contribution pension schemes. The pension charge for the year represents contributions payable by the company to these funds and amounts to £70,609 (2014: £68,159). Of which £nil (2014: £8,665) was outstanding at the year end.

17. CAPITAL COMMITMENTS

At 31 December 2015 the company had capital commitments of £5,917 (2014: £36,578).

18. RELATED PARTY TRANSACTIONS

The company has not disclosed transactions with other Group companies, as it has taken advantage of the exemption contained within FRS 102.33.1A on the grounds that the subsidiaries are wholly owned.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £216,881 (2014: £237,861).

19. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of Ionbond UK Limited is Bernex UK Limited, a company incorporated in England and Wales.

The parent undertaking and controlling party, for which group financial statements are prepared, is IHI Corporation, a company incorporated in Japan. Copies of the group financial statements of IHI Corporation are available from the registered office TOYOSU IHI BUILDING., 1-1, Toyosu 3-chome, Koto-ku, Tokyo 135-8710, Japan.

20. EVENTS AFTER THE REPORTING PERIOD

On 4 March 2016 an interim dividend of 19.826p per share (2015: 23.88p) was declared to Bernex UK Limited, the parent undertaking and sole shareholder of Ionbond UK Limited.

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2015

21. FINANCIAL INSTRUMENTS

	2015 £	2014 £
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Loans to parent undertaking	901,659	830,753
	901,659	830,753

22. TRANSITION TO FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014.

There is no impact of transition to FRS 102 at either 1 January 2014 or 1 January 2015 due to there being no significant accounting policy differences.