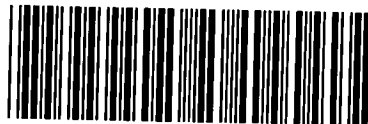


# **Ionbond UK Limited**

## **Annual report**

**31 March 2022**

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## **Ionbond UK Limited**

### **Company information**

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<b>Directors</b>	J F M Landsbergen J D Ostman C P Constable
<b>Company secretary</b>	A G Frost
<b>Registered number</b>	01665506
<b>Registered office</b>	Unit 36 No.1 Industrial Estate Medomsley Road Consett Co Durham DH8 6TS
<b>Independent auditor</b>	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
<b>Bankers</b>	Mizuho Bank Ltd 30 Old Bailey London EC4M 7AU
<b>Solicitors</b>	Muckle LLP 32 Gallowgate Newcastle upon Tyne NE1 4BF

## **Ionbond UK Limited**

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## **Ionbond UK Limited**

### **Strategic report Year ended 31 March 2022**

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#### **Introduction**

The directors present their strategic report for the year ended 31 March 2022.

#### **Principal activity**

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.

#### **Business review**

During the year ended 31 March 2022, the company experienced a significant upturn in revenues/profitability due to the relaxation of the global COVID-19 lockdown rules. The impact from these changes were initially felt towards the end of Q3 and during Q4 of the previous financial year and continued throughout the year under review. The overall result for the year was an all-time record sales level.

The trading relationship between the UK and the EU has now been finalised. The impact of the free trade agreement continues to develop however our current opinion is that the overall impact is predominantly negative with regard to the processes and requirements for moving goods into and out of the EU. Significant increases in costs are being experienced as a result.

The company continues to develop products and business opportunities that the directors believe will sustain the long-term growth of the business despite the difficulties being experienced when trading with the EU.

#### **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 principal 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 £7,133 (2021: loss of £7,320). 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.

## **Ionbond UK Limited**

### **Strategic report (continued) Year ended 31 March 2022**

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#### **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.

##### ***State of the economy***

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 also a risk that the economy in several markets could fall into a recession at the same time and such a recession would result in a significant drop in customer demand across the industry. In particular there is an exposure within our key customers to the Eurozone countries. Of particular concern is the ongoing volatility of the exchange rates of the main trading areas of the company, those being primarily the Euro and the Swiss Franc. The company mitigates the risk by controlling the profitability of the business closely.

The current instability in supply chains due to the conflict in Ukraine is still developing. The conflict in Ukraine has begun to impact on a number of customers and suppliers either in the form of component supply or raw materials.

The trading relationship between the UK and the EU is now finalised. Whilst Ionbond UK has a primarily UK focussed customer base, our customers are experiencing ongoing issues with border delays. The impact of the free trade agreement is still developing however the current opinion is that the overall impact is predominantly negative with regard to the processes and requirements for moving goods into and out of the EU. Significant increases in costs are being experienced as a result of the additional processing and documentation.

##### ***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 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 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.

## **Ionbond UK Limited**

### **Strategic report (continued) Year ended 31 March 2022**

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#### **Financial and other key performance indicators**

The company's main financial key performance indicators (KPIs) are Sales Revenue (£6,339k), Gross Profit (40.4%) and EBIT (10.8%).

The non-financial KPIs relating to operational efficiency, equipment utilisation etc are monitored and measured in accordance with the requirements of our ISO 9001 accreditation, ISO 13485 accreditation, AS9100 accreditation, NADCAP, Airbus Accreditations and a number of other customer specific accreditations. Our responsibilities regarding HSE are also monitored in line with our group and local philosophy and compliance with local laws and regulations.

This report was approved by the board on 19 October 2022 and signed on its behalf by:

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**J F M Landsbergen**  
Director

## **Ionbond UK Limited**

### **Directors' report Year ended 31 March 2022**

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The directors present their report and the financial statements for the year ended 31 March 2022.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £531,625 (2021 - £289,070).

Interim dividends paid during the year amounted to £1,250,000 (2021: £nil). The directors do not recommend the payment of a final dividend.

#### **Directors**

The directors who served during the year were:

J F M Landsbergen  
J D Ostman  
C P Constable

#### **Future developments**

The company is expected to continue in its current capacity as a provider of thin film surface coatings and undertake research and development 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 recorded a profit for the year of £531,625 (2021: £289,070). At the year end the company had cash at bank of £1,936,884 (2021: £1,990,881) and the only significant external debt is due to other companies in the wider group.

The company manages its cash flow on a wider group basis with amounts due to and from group undertakings detailed in notes 16 and 17. 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 for the year ended 31st March 2022 were significantly amended prior to the start of the financial year due to the ongoing COVID-19 restrictions. The global relaxation of COVID restrictions that started impacting on the previous year continued into the year ended 31 March 2022 and this has resulted in full year results that were significantly above the forecast performance.

We anticipate that the trading performance will continue to improve going forward into the new financial year, unless the supply chain issues related to the Ukraine conflict intensify.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore continue to prepare the financial statements on a going concern basis.

#### **Matters covered in the strategic report**

The directors have chosen, in accordance with section 414C(11) of the Companies Act 2006 to include in the strategic report matters otherwise required to be disclosed in the directors' report as the directors consider these are of strategic importance to the company, including the fair review of the company's business and the principal risks and uncertainties facing the company.

## **Ionbond UK Limited**

### **Directors' report (continued)** **Year ended 31 March 2022**

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#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.


#### **Post balance sheet events**

There have been no significant events affecting the company since the year end.

#### **Auditor**

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

This report was approved by the board on 19 October 2022 and signed on its behalf by:

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**J F M Landsbergen**  
Director



## **Ionbond UK Limited**

### **Directors' responsibilities statement Year ended 31 March 2022**

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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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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 UK Limited**

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### **Opinion**

We have audited the financial statements of Ionbond UK Limited (the 'company') for the year ended 31 March 2022, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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



## **Independent auditor's report to the members of Ionbond UK Limited (continued)**

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### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 directors' responsibilities statement set out on page 6, 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 Ionbond UK Limited (continued)**

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### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We have communicated identified laws and regulations within our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



## **Independent auditor's report to the members of Ionbond UK Limited (continued)**

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### **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, appearing to read 'D Redhead', written over a horizontal line.

**David Redhead (Senior Statutory Auditor)**  
**for an on behalf of UNW LLP (Statutory Auditor)**  
Chartered Accountants  
Newcastle upon Tyne

19 October 2022

## Ionbond UK Limited

### Statement of comprehensive income Year ended 31 March 2022

	Note	2022 £	2021 £
<b>Profit and loss account</b>			
Turnover	5	6,339,461	4,826,146
Cost of sales		(3,784,340)	(3,310,255)
<b>Gross profit</b>		<b>2,555,121</b>	<b>1,515,891</b>
Distribution costs		(535,672)	(526,327)
Administrative expenses		(1,339,017)	(797,145)
Other operating income	6	3,306	153,240
<b>Operating profit</b>	7	<b>683,738</b>	<b>345,659</b>
Interest receivable and similar income	11	206,415	260,543
Interest payable and similar charges	12	(207,043)	(261,010)
<b>Profit on ordinary activities before tax</b>		<b>683,110</b>	<b>345,192</b>
Tax on profit on ordinary activities	13	(151,485)	(56,122)
<b>Profit for the financial year</b>		<b>531,625</b>	<b>289,070</b>

There was no other comprehensive income for 2022 (2021: £nil).

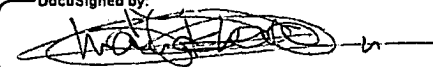
The notes on pages 14 to 28 form part of these financial statements.

# Ionbond UK Limited

## Balance sheet At 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	2,631,895	2,966,821
		<u>2,631,895</u>	<u>2,966,821</u>
<b>Current assets</b>			
Stocks	15	440,527	397,067
Debtors	16	10,819,596	10,816,864
Cash at bank and in hand		1,936,884	1,990,881
		<u>13,197,007</u>	<u>13,204,812</u>
Creditors: amounts falling due within one year	17	(10,966,071)	(10,661,780)
<b>Net current assets</b>		<u>2,230,936</u>	<u>2,543,032</u>
<b>Total assets less current liabilities</b>		<u>4,862,831</u>	<u>5,509,853</u>
Creditors: amounts falling due after more than one year	18	(1,961)	(5,746)
<b>Provisions for liabilities</b>			
Deferred tax	20	(340,820)	(265,682)
<b>Net assets</b>		<u><u>4,520,050</u></u>	<u><u>5,238,425</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	1,150,000	1,150,000
Capital contribution reserve	22	226,298	226,298
Profit and loss account	22	3,143,752	3,862,127
<b>Total equity</b>		<u><u>4,520,050</u></u>	<u><u>5,238,425</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 October 2022.

DocuSigned by:  
  
 24920EB4FC71480  
**J F M Landsbergen**  
 Director

Company registered number: 01665506

The notes on pages 14 to 28 form part of these financial statements.

## Ionbond UK Limited

### Statement of changes in equity Year ended 31 March 2022

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2020	1,150,000	226,298	3,573,057	4,949,355
Profit and total comprehensive income for the year	-	-	289,070	289,070
At 1 April 2021	1,150,000	226,298	3,862,127	5,238,425
Profit and total comprehensive income for the year	-	-	531,625	531,625
Dividends	-	-	(1,250,000)	(1,250,000)
At 31 March 2022	1,150,000	226,298	3,143,752	4,520,050

The notes on pages 14 to 28 form part of these financial statements.



## **Ionbond UK Limited**

### **Notes to the financial statements Year ended 31 March 2022**

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#### **1. General information**

Ionbond UK Limited ('the company') engage in 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.

The company is a private company limited by shares, incorporated and domiciled in England in the United Kingdom. The address of the registered office is given in the company information page of this annual report.

#### **2. Statement of compliance**

The financial statement have been prepared in accordance 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.

#### **3. Accounting policies**

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

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

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and rounded to the nearest £.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

##### **3.2 Reduced disclosures**

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemptions relating to the preparation of a cash flow statement and related notes. The equivalent disclosures, on a consolidated basis, are included in the group financial statements of IHI Corporation which are prepared in accordance with International Financial Reporting Standards (IFRS), are available to the public, and may be obtained from TOYOSU IHI BUILDING, 1-1 Toyosu 3-chome, Koto-ku, Tokyo 135-8710, Japan.

## **Ionbond UK Limited**

### **Notes to the financial statements Year ended 31 March 2022**

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

##### **3.3 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 recorded a profit for the year of £531,625 (2021: £289,070). At the year end the company had cash at bank of £1,936,884 (2021: £1,990,881) and the only significant external debt is due to other companies in the wider group.

The company manages its cash flow on a wider group basis with amounts due to and from group undertakings detailed in notes 16 and 17. 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 for the year ended 31st March 2022 were significantly amended prior to the start of the financial year due to the ongoing COVID-19 restrictions. The global relaxation of COVID restrictions that started impacting on the previous year continued into the year ended 31 March 2022 and this has resulted in full year results that were significantly above the forecast performance.

We anticipate that the trading performance will continue to improve going forward into the new financial year, unless the supply chain issues related to the Ukraine conflict intensify.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore continue to prepare the financial statements on a going concern basis.

##### **3.4 Revenue**

Turnover represents the amounts derived from the provision of goods and services, stated net of value added tax. Turnover is recognised on all goods that have been shipped on or before the last working day of the reporting period.

##### **3.5 Government grants**

Government grants are recognised within other operating income on the accruals basis. Grants are recognised in the profit and loss account over the period in which the related costs are recognised.

##### **3.6 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

##### **3.7 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

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

Research and development expenditure is written off to the profit and loss account in the period in which it is incurred.

## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

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#### 3. Accounting policies (continued)

##### 3.9 Employee benefits

###### *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 employee's entitlement to the benefit accrues.

###### *Defined contribution pension plan*

The company operates a number of defined contribution pension plans for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

The assets of the plans are held separately from the company in independently administered funds.

##### 3.10 Foreign currency

The company's functional currency is the pound sterling.

###### *Transactions and balances*

Transactions in foreign currencies are translated into sterling using the preset monthly group exchange rates, that approximate to the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the period-end retranslation are recognised in the profit and loss account.

##### 3.11 Taxation

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

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

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#### 3. Accounting policies (continued)

##### 3.12 Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

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

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

##### 3.13 Leases

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the company similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of charge on the remaining balance of the liability.

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if 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.

##### 3.14 Stocks

Stocks are stated at the lower of cost and net realisable value. Raw material cost is calculated using the first-in, first-out (FIFO) method and includes the purchase price (including taxes and duties) and transport and handling costs directly attributable to bringing the stock to its present location.

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.

## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

#### 3. Accounting policies (continued)

##### 3.15 Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties, including fellow group companies. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

##### 3.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Significant judgments in applying the entity's accounting policies*

In preparing these financial statements, the directors do not consider that any significant judgments were required in the process of applying the company's accounting policies.

##### *Key sources of estimation uncertainty*

Estimates included within these financial statements include the useful lives of tangible fixed assets and provisions, such as for stock as well as trade and other debtors. None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 5. Turnover

The whole of the turnover is attributable to the rendering of services associated with the principal activity of the company.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	6,065,444	4,639,189
Rest of Europe	150,352	154,942
Rest of the world	123,665	32,015
	<u>6,339,461</u>	<u>4,826,146</u>

## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

#### 6. Other operating income

	2022 £	2021 £
Government grants receivable	3,306	153,240

#### 7. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Research and development charged as an expense	66,158	44,911
Exchange differences	6,913	7,320
Depreciation of tangible fixed assets	603,211	602,845
Other operating lease rentals	126,436	128,573

#### 8. Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	11,800	11,250

## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

#### 9. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	2,177,621	2,043,055
Social security costs	204,820	189,192
Cost of defined contribution pension scheme	126,083	125,195
	<u>2,508,524</u>	<u>2,357,442</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Management	3	3
Administration	3	3
Sales	2	2
Production	46	45
Research	2	2
	<u>56</u>	<u>55</u>

In addition to the above staff costs and employee numbers there were 10 (2021: 6) temporary staff employed through agents to whom the company paid £341,795 (2021: £163,265).

#### 10. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	113,013	110,387
Company contributions to defined contribution pension schemes	9,907	7,711
	<u>122,920</u>	<u>118,098</u>

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

# Ionbond UK Limited

## Notes to the financial statements Year ended 31 March 2022

### 11. Interest receivable

	2022 £	2021 £
Interest receivable from group companies	206,415	260,543

### 12. Interest payable and similar charges

	2022 £	2021 £
Other interest payable	628	534
Interest payable to group companies	206,415	260,476
	207,043	261,010

### 13. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	128,762	90,906
Adjustments in respect of previous periods	(52,415)	(4,492)
<b>Total current tax</b>	76,347	86,414
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,056)	(18,703)
Effect of changes in tax rates	81,797	-
Adjustments in respect of prior years	(3,603)	(11,589)
<b>Total deferred tax</b>	75,138	(30,292)
<b>Taxation on profit on ordinary activities</b>	151,485	56,122



## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

#### 13. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<b>683,110</b>	345,192
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>129,791</b>	65,586
Effects of:		
Expenses not deductible for tax purposes	11,483	6,616
Adjustments to tax charge in respect of prior periods current tax	(52,415)	(4,492)
Adjustments to tax charge in respect of prior periods deferred tax	(3,603)	(11,588)
Benefit of UK super deduction	(15,568)	-
Changes to tax rates	81,797	-
<b>Total tax charge for the year</b>	<b>151,485</b>	56,122

##### Factors that may affect future tax charges

The rate of corporation tax in the UK throughout the period was 19% and this was the enacted rate of corporation tax at the balance sheet date. Accordingly, the company's profit for this period are taxed at an effective rate of 19% (2021: 19%).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main rate of corporation tax would increase from 19% to 25%. This new law was substantively enacted on 24 May 2021. Accordingly, closing deferred taxation has been calculated based on a rate of 25% (2021: 19%).

## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

#### 14. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and motor vehicles £	Assets in the course of construction £	Total £
<b>Cost</b>					
At 1 April 2021	831,356	10,430,737	468,913	41,776	11,772,782
Additions	-	5,962	27,199	239,955	273,116
Disposals	-	-	(25,774)	-	(25,774)
Transfers between classes	-	281,731	-	(281,731)	-
At 31 March 2022	831,356	10,718,430	470,338	-	12,020,124
<b>Depreciation</b>					
At 1 April 2021	391,692	8,091,455	322,814	-	8,805,961
Charge for the year	77,322	475,795	50,094	-	603,211
Disposals	-	-	(20,943)	-	(20,943)
At 31 March 2022	469,014	8,567,250	351,965	-	9,388,229
<b>Net book value</b>					
At 31 March 2022	362,342	2,151,180	118,373	-	2,631,895
At 31 March 2021	439,664	2,339,282	146,099	41,776	2,966,821

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant and machinery	6,251	9,827
	<u>6,251</u>	<u>9,827</u>

## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

#### 15. Stocks

	2022 £	2021 £
Raw materials and consumables	430,527	387,067
Work in progress	5,500	5,500
Finished goods	4,500	4,500
	<u>440,527</u>	<u>397,067</u>

Stocks are stated after provisions for impairment of £nil (2021: £nil). The impairment charge for the year is £nil.

#### 16. Debtors

	2022 £	2021 £
Trade debtors	957,534	867,234
Amounts owed by group undertakings	9,786,358	9,894,180
Other debtors	-	3,790
Prepayments and accrued income	75,704	51,660
	<u>10,819,596</u>	<u>10,816,864</u>

Trade debtors are stated after provisions for impairment of £20,064 (2021: £5,864). The impairment charge for the year is included within administrative expenses and totalled £14,200 (2021: £5,864).

Amounts owed by group undertakings are unsecured and accrue interest at 2.10% (2021: 2.65%). The loan is repayable in full within one year of the balance sheet date, however the maturity date may be extended on a twelve month rolling basis.

## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

#### 17. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	174,910	193,348
Amounts owed to group undertakings	10,175,810	9,966,848
Corporation tax	29,404	21,842
Other taxation and social security	195,813	256,107
Obligations under finance lease and hire purchase contracts (note 19)	3,785	3,610
Other creditors	30,168	19,991
Accruals and deferred income	356,181	200,034
	<u>10,966,071</u>	<u>10,661,780</u>

Amounts owed to group undertakings are unsecured and accrue interest at 2.10% (2021: 2.65%). The loan is repayable in full within one year of the balance sheet date, however the maturity date may be extended on a twelve month rolling basis.

#### 18. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Net obligations under finance leases and hire purchase contracts (note 19)	<u>1,961</u>	<u>5,746</u>

#### 19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	3,976	3,976
Between 1-5 years	1,988	5,965
Over 5 years	(219)	(585)
	<u>5,745</u>	<u>9,356</u>

## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

#### 20. Deferred taxation

	2022 £
At beginning of year	265,682
Charge to profit and loss account	75,138
At end of year	<u>340,820</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	345,818	268,972
Other short term timing differences	(4,998)	(3,290)
	<u>340,820</u>	<u>265,682</u>

## Ionbond UK Limited

### Notes to the financial statements Year ended 31 March 2022

#### 21. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
1,150,000 (2021: 1,150,000) Ordinary shares of £1 each	<u>1,150,000</u>	<u>1,150,000</u>

#### 22. Reserves

##### Capital contribution reserve

The capital contribution reserve arose in 2004 when the company's parent undertaking made a capital contribution to partly finance the acquisition of certain trade and assets of Bodycote Heat Treatments Limited.

##### Profit and loss account

The profit and loss account reserve represents cumulative profits and losses, net of cumulative dividends paid and other adjustments.

#### 23. Capital commitments

At 31 March 2022 the company has capital commitments of £36,495 (2021: £106,621).

#### 24. Pension commitments

The company operates 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 pension cost charge represents contributions payable by the company to the funds and amounted to £126,083 (2021: £125,195). Contributions totalling £30,168 (2021: £19,991) were payable to the funds at the balance sheet date and are included in creditors.

#### 25. Commitments under operating leases

At 31 March 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	99,664	110,352
Later than 1 year and not later than 5 years	387,135	396,703
Later than 5 years	3,793	93,889
	<u>490,592</u>	<u>600,944</u>

## **Ionbond UK Limited**

### **Notes to the financial statements Year ended 31 March 2022**

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#### **26. 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 for the year in respect of these individuals is £362,581 (2021: £250,300).

#### **27. Controlling parties**

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

The ultimate 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.