

**SEI Interconnect Products (Europe) Limited**

**Directors' report and financial  
statements**

**Registered number 3639819**

**Year ended 31 March 2016**

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## Strategic Report

The principal activity of the SEI Interconnect Products (Europe) Limited group continues to be the distribution of electronic wire and cable, semiconductors, fine polymer products and the manufacture of cable identification systems and accessories.

The SEI Interconnect Products (Europe) Limited group is owned by Sumitomo Electric Industries (SEI), a public company registered in Japan. The SEI Interconnect Products (Europe) Limited group is responsible for the marketing the electronic wire and cable, semiconductors and fine polymer products, manufactured by SEI group subsidiaries throughout the world to the European market.

Revenue for the year was € 54,098,501, an increase of 20.53% compared with last year's figure of € 44,883,959. The increase was expected as the markets for key products in the previous year were disappointing and an improvement anticipated. The introduction of a new product to the company's portfolio during the year also had a major impact on the increased level of sales. Unfortunately, the market for the new product was not sustainable with a low level of sales expected for 2017, however the improvement in business in key markets in 2016 is expected to continue into 2017 to give improved sales levels over 2015 but unlikely to reach 2016 levels. While markets in general are expected to be 'good' for 2017 it is acknowledged by management that for certain product groups within the group portfolio the markets could be difficult and will require a lot of work to achieve expected levels.

Profit before tax was € 269,265 (0.50% of sales) compared to € 459,122 (1.02% of sales) for the year ended 31<sup>st</sup> March 2015. The main cause of the decrease in profit was a negative FX situation - € 61k loss for the current year compared with a positive € 271k for 2015. It should be noted that the increased sales levels achieved during the year were in product groups with low margin levels which has reduced the overall margin percentage. It should also be noted that the new product, which contributed to the major increase in sales, was a low margin product. The conditions highlighted last year are still prevalent - difficult market conditions for a number of high margin products and the 'product mix' becoming biased towards lower margin product. Increased price competition from Asian as well as European competitors is continuing to affect gross margin. The group, will endeavour to continue to strongly negotiate with suppliers to hold the gross margin at current levels. A programme of cost control has enabled us to keep operating costs to below last year's levels.

The group will continue to work at the extension of its market activities to incorporate further products from the Sumitomo Electric Industries portfolio into its European business and in particular targeting what it considers to be industry sectors for future sustainable growth, i.e. automotive, rail and aerospace. It is the nature of these industry sectors that the results of marketing activities will not see positive results in respect of actual sales for a number of years, however it is felt that the work in attaining business in these key areas has progressed during the year, with the results of these activities coming closer to fruition and expected to play a large role in the future development of the business.

The plan for the coming year continues to be to strengthen the company's existing business by developing existing and targeted customers' as well introducing new products and working on long term projects in key business sectors. The target being a well balanced portfolio of products and customers across all our businesses, providing a strong base for future development and continued growth. The group will continue to focus on cost control in order to ensure that the company is operating as effectively as possible.

By order of the board

D Gillett  
Secretary



10 Axis Court  
Mallard Way  
Riverside Business Park  
Swansea  
SA7 0AJ

17 November 2016

## Directors' Report

### Principal risks and uncertainties

The directors believe the significant financial risks facing the group are foreign exchange risk and the potential risk of bad debts

#### *Foreign currency risk*

In order to develop the business sales are made in non-base currencies such as USD, GBP and Yen. Where it is possible the group will try to optimise natural hedging by the purchase of product for such business in the currency of sale. Where it is not possible to eliminate exposure under this method monthly forward currency contracts are taken out where appropriate to reduce exchange rate fluctuations

#### *Credit risk*

With the level of sales achieved comes the increased risk of bad debt. The group rigorously check the financial strength of any new customers as well as regularly monitoring the financial wellbeing of the existing customer base. Strong internal procedures exist to monitor the recoverability of debt in accordance with its terms, while credit risk insurance is in place to cover any possibility of a failure to collect a large debt. The European market in general is still facing difficult trading conditions and the Directors are fully aware of the high level of company failures and have taken every measure to prevent failures affecting the group financial position

#### *Liquidity and cash flow*

The SEI Interconnect Products (Europe) Limited Group has the security of being a wholly owned subsidiary of Sumitomo Electric Industries Ltd, a public company registered in Japan. The holding company plays a very important role in the development of the business by working with European management and continually monitoring all aspects of the company's activities including its financial position and provides adequate funding when required to cover its needs.

### Dividends

The directors do not propose the declaration of a dividend. (2015: Nil)

### Policy and practice on payment of creditors

Payments made to the suppliers of product are mainly to SEI group companies and have agreed payment terms. It is SEI Group policy that all payments are made in line with these payment terms. Payments for expense items are paid 30 days following the end of the month in which the invoice was received, with strict compliance to these terms.

### Directors

The directors who served throughout the year were:

H Akiyama

Y Miyata

### Overseas branches

The group had overseas operations located in France, Germany, Italy, and Hungary throughout the period. It also had an office in Finland.

### Political and charitable donations

The company made no political or charitable donations during the period (2015: £Nil).

### Disclosure of information to the auditor

The directors who held office at the date of approval of the 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish the company's auditor is aware of this information.

## Directors' Report *(continued)*

### Auditors

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

By order of the Board

D Gillett  
Secretary



10 Axis Court  
Mallard Way  
Riverside Business Park  
Swansea  
SA7 0AJ

17<sup>th</sup> November 2016

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' 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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *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 group and the parent company and of their profit or loss for that year. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; 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 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.



## KPMG LLP

Britannia Quay  
Cardiff  
CF10 4AX  
United Kingdom

### **Independent auditor's report to the members of SEI Interconnect Products (Europe) Limited**

We have audited the financial statements of SEI Interconnect Products (Europe) Limited for the year ended 31 March 2016 set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice); including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

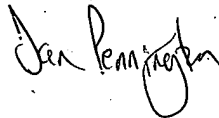
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of SEI Interconnect Products (Europe) 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.



**Ian Pennington (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
**Chartered Accountants**

22nd

November 2016

3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX



**Consolidated Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 March 2016*

	<i>Note</i>	<b>2016</b> €	<b>2015</b> €
<b>Turnover</b>	<b>2</b>	<b>54,098,501</b>	<b>44,883,959</b>
Cost of sales		(48,087,306)	(39,276,491)
<b>Gross profit</b>		<b>6,011,195</b>	<b>5,607,468</b>
Administrative expenses		(5,735,892)	(5,520,012)
Other operating income		62,088	190,874
<b>Group operating profit</b>		<b>337,391</b>	<b>278,330</b>
Share of operating profit in associates		43,089	30,430
<b>Total operating profit</b>		<b>380,480</b>	<b>308,760</b>
Interest receivable and similar income - Group	6	-	217,019
Interest payable and similar charges - Group	7	(111,215)	(66,657)
<b>Profit on ordinary activities before taxation</b>	<b>2-7</b>	<b>269,265</b>	<b>459,122</b>
Tax on profit on ordinary activities	8	(283,999)	(350,433)
<b>(Loss)/profit for the financial year</b>		<b>(14,734)</b>	<b>108,689</b>
<b>Other comprehensive income</b>			
Foreign exchange differences on translation of subsidiary undertaking		(36,577)	148,827
Effective portion of net investment hedge		77,412	(117,693)
<b>Other comprehensive income for the year</b>		<b>40,835</b>	<b>31,134</b>
<b>Total comprehensive income for the year</b>		<b>26,101</b>	<b>139,823</b>

All profits and losses arose on ordinary activities of the company.


The notes on pages 12 to 27 form an integral part of these financial statements.

## Consolidated Balance Sheet at 31 March 2016

	Note	2016 €	2016 €	2015 €	2015 €
<b>Fixed assets</b>					
Intangible assets					
Goodwill	9		4,771,672		5,208,057
Tangible assets	10		589,412		658,642
Investments	11				
Investments in associates		160,427		138,972	
Other investments		38,000		38,000	
			198,427		176,972
			5,559,511		6,043,671
<b>Current assets</b>					
Stocks	12	3,926,396		3,711,398	
Debtors	13	16,074,817		10,926,932	
Cash at bank and in hand		829,325		573,823	
		20,830,538		15,212,153	
<b>Creditors: amounts falling due within one year</b>	14	(21,709,849)		(16,601,725)	
<b>Net current liabilities</b>			(879,311)		(1,389,572)
<b>Total assets less current liabilities being net assets</b>			4,680,200		4,654,099
<b>Capital and reserves</b>					
Called up share capital	16		4,215,900		4,215,900
Profit and loss account			464,300		438,199
<b>Shareholders' funds</b>			4,680,200		4,654,099

The notes on pages 12 to 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 17 November 2016 and were signed on its behalf by:

  
**H Akiyama**  
 Director

Company registered number: 3639819


## Company Balance Sheet

at 31 March 2016

	Note	2016 €	2016 €	2015 €	2015 €
<b>Fixed assets</b>					
Intangible assets					
Goodwill	9		1,474,079		1,617,263
Tangible assets	10		301,953		340,416
Investments	11		5,742,186		5,742,186
			<u>7,518,218</u>		<u>7,699,865</u>
<b>Current assets</b>					
Stocks	12	2,782,148		2,755,023	
Debtors	13	15,649,050		10,212,805	
Cash at bank and in hand		576,888		418,098	
		<u>19,008,086</u>		<u>13,385,926</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(20,968,623)</u>		<u>(15,799,207)</u>	
<b>Net current liabilities</b>			<u>(1,960,537)</u>		<u>(2,413,281)</u>
<b>Total assets less current liabilities being net assets</b>			<u>5,557,681</u>		<u>5,286,584</u>
<b>Capital and reserves</b>					
Called up share capital	16		4,215,900		4,215,900
Profit and loss account			1,341,781		1,070,684
<b>Shareholders' funds</b>			<u>5,557,681</u>		<u>5,286,584</u>

The notes on pages 12 to 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 17 November 2016 and were signed on its behalf by:

  
 A Akiyama  
 Director

Company registered number: 3639819

**Consolidated Statement of Changes in Equity**  
*for the year ended 31 March 2016*

	Called up share capital	Profit and loss account	Total equity
	€	€	€
Balance at 1 April 2014	4,215,900	298,376	4,514,276
<b>Total comprehensive income for financial year</b>			
Profit for the year	-	108,689	108,689
Other comprehensive income:			
- Foreign exchange differences on translation of subsidiary undertakings	-	148,827	148,827
- Effective portion of net investment hedge	-	(117,693)	(117,693)
Total comprehensive income for the year	-	139,823	139,823
<b>Balance at 31 March 2015</b>	<b>4,215,900</b>	<b>438,199</b>	<b>4,654,099</b>
Balance at 1 April 2015	4,215,900	438,199	4,654,099
<b>Total comprehensive income for financial year</b>			
Loss for the year	-	(14,734)	(14,734)
Other comprehensive income:			
- Foreign exchange differences on translation of subsidiary undertakings	-	(36,577)	(36,577)
- Effective portion of net investment hedge	-	77,412	77,412
Total comprehensive income for the year	-	26,101	26,101
<b>Balance at 31 March 2016</b>	<b>4,215,900</b>	<b>464,300</b>	<b>4,680,200</b>

The notes on pages 12 to 27 form an integral part of these financial statements.

**Company Statement of Changes in Equity**  
*for the year ended 31 March 2016*

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	€	€	€
Balance at 1 April 2014	4,215,900	858,485	5,074,385
<b>Total comprehensive income for financial year</b>			
Profit for year		212,199	212,199
<b>Balance at 31 March 2015</b>	<b>4,215,900</b>	<b>1,070,684</b>	<b>5,286,584</b>
Balance at 1 April 2015	4,215,900	1,070,684	5,286,584
<b>Total comprehensive income for financial year</b>			
Profit for year	-	271,097	271,097
<b>Balance at 31 March 2016</b>	<b>4,215,900</b>	<b>1,341,781</b>	<b>5,557,681</b>

The notes on pages 12 to 27 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

SEI Interconnect Products (Europe) Limited is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') as issued in August 2014. The presentation currency of these financial statements is Euro.

In the transition to FRS 102 from old UK GAAP the company has made no measurement and recognition adjustments. The Company's ultimate parent undertaking, Sumitomo Electric Industries Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Sumitomo Electric Industries Ltd are available to the public and may be obtained from Sumitomo Electric Industries Ltd, 4-5-33, Kitahama, Chuo-ku, Osaka, Japan. In these financial statements, the company is considered to be a qualifying entity for the purpose of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated statements of Sumitomo Electric Industries include the relevant disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instruments in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of schedule 1.

The accounting policies set out below have, unless otherwise been stated, then applied consistently to all periods presented in these financial statements.

#### 1.1 Measurement Convention

The financial statements are prepared on the historic cost basis.

#### 1.2 Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company has the security of being a subsidiary of Sumitomo Electric Industries, a public company registered in Japan from which it receives the majority of its funding to meet its working capital requirements and its net current liabilities.

#### 1.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31<sup>st</sup> March 2016. A subsidiary is an entity that is controlled by the parent. An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights. Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries and associates are carried at cost less impairment.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and the liabilities of non-Euro subsidiary undertakings and associated undertakings are translated at the closing exchange rates. The revenues and expenses of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to profit and loss, except on consolidation where they are taken to other comprehensive income, net of exchange differences arising on related foreign currency borrowings (see note 1.6).

In the group consolidation accounts only, exchange differences arising on the retranslation of foreign currency borrowing used to finance or provide a hedge against equity investments in foreign enterprises are taken to the Statement of changes in equity.

#### 1.5 Basic financial instruments

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

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost less any impairment losses in the case of trade debtors.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Investments in preference and ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balance at the bank and cash in hand.

#### 1.6 Other financial instruments

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except for hedging instruments in a designated hedging relationship which are recognised as set out below.

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on the re measurement to fair value is recognised immediately in the profit and loss.

##### *Net investment hedges*

The Group hedges the translation risk for the net assets of overseas subsidiaries in the consolidated financial statements by designating borrowings in the same currency as that overseas subsidiary's functional currency as a hedging instrument. The effective portion of the hedge is recognised in other comprehensive income, and only the ineffective portion of the hedging item's translation value is recorded in profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Other financial instruments (continued)

Cumulative exchange differences recognised in other comprehensive income relating to a hedge of a net investment in a foreign operation shall not be reclassified to profit or loss on disposal or partial disposal of that foreign operation.

#### 1.7 Tangible Fixed Assets

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

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 their estimated useful economic lives as follows:

Plant & machinery	5 to 7 years
Fixtures & fittings	3 to 5 years
Motor vehicles	4 to 5 years

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

#### 1.8 Business Combinations

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the Company's share of separable assets and liabilities acquired. Where the costs of acquisition exceeds the values attributable to such assets and liabilities, the difference is treated as purchased goodwill and capitalised within fixed assets.

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

#### 1.9 Intangible Assets

##### Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment loss. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

##### Amortisation

Amortisation is charged to the profit and loss on a straight line basis over the estimated useful lives of the intangible asset. Intangible assets are amortised from the date they are available for use. The estimated useful lives are:

Goodwill	15 years
----------	----------

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residue value. The finite useful life is estimated to be 15 years as acquisitions prior to these have been amortised over their expected useful lives of 15 to 20 years with the company still benefiting from the cash flows of the acquisitions.

#### 1.10 Stocks

Stocks are valued at the lower of cost or net realisable value. Cost is determined on a 'first in first out' basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Pensions

Retirement benefits to employees are funded by the company and employees. Defined contributions are made to individual pension funds which are financially separate from the company and these are charged to the profit and loss account as incurred.

#### 1.12 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### 1.13 Expenditure

##### *Operating Leases*

Payments made under operating leases are recognised in the profit and loss account on a straight-line over the term of the lease.

##### *Finance Leases*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using a rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### 1.14 Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised directly in the profit and loss account.

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 adjustments 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 changes 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 differences, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are recognised as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

#### 1.15 Turnover

Turnover represents the amounts (excluding any value added tax) derived from the provision of goods and services to customers. Income is recognised when the risk of ownership passes to the customer, i.e. when goods or services are delivered to the customer.

#### 1.16 Related Party Transactions

The company has taken advantage of the exemption under Financial Reporting Standard 102 Section 33.1A from the requirement to disclose transactions entered into between two more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

## Notes (continued)

### 2 Analysis of turnover

All turnover is derived from one class of business. Turnover is split geographically as follows:

	Year ended 31 March 2016 €	Year ended 31 March 2015 €
Europe	52,433,157	43,352,753
South America	783,813	288,831
North America	76,072	215,841
Asia	433,313	210,157
Africa	372,146	816,377
	<u>54,098,501</u>	<u>44,883,959</u>

### 3 Notes to the profit and loss account

	2016 €	2015 €
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Amounts receivable by the auditors and their associates in respect of:		
- audit of these financial statements	42,100	38,962
- audit of the financial statements of subsidiaries of the Company	11,159	10,249
- tax compliance	42,572	24,354
- other tax advisory services	6,432	4,196
- all other services	23,698	28,323
Depreciation	319,970	304,105
Amortisation of goodwill	436,385	434,001
Operating lease rentals		
- other	428,112	400,276
Operating lease income	(164,400)	(209,324)
(Profit)/loss on disposal of assets	(46,585)	-
	<u></u>	<u></u>

### 4 Remuneration of directors

	2016 €	2015 €
Directors' emoluments	<u>70,851</u>	<u>76,646</u>

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period was as follows:

	Number of employees	
	2016	2015
Distribution/office staff	80	81
	<hr/>	<hr/>
	2016	2015
	€	€
Wages and salaries	3,129,770	2,950,501
Social security costs	482,141	492,033
Other pension costs (note 19)	77,098	70,482
	<hr/>	<hr/>
	3,689,009	3,513,016
	<hr/>	<hr/>

### 6 Interest receivable and similar income

	2016	2015
	€	€
On bank accounts	-	-
Net exchange gain	-	217,019
	<hr/>	<hr/>
	-	217,019
	<hr/>	<hr/>

### 7 Interest payable and similar charges

	2016	2015
	€	€
On loans from group companies	49,265	66,657
Net exchange loss	61,950	-
	<hr/>	<hr/>
	111,215	66,657
	<hr/>	<hr/>

## Notes (continued)

### 8 Taxation

#### Analysis of charge in period

	2016	2015
	€	€
<i>UK corporation tax</i>		
Current tax on income for the period	33,365	37,291
	<u>33,365</u>	<u>37,291</u>
<i>Foreign tax</i>		
Current tax on income for the period	210,927	277,672
Adjustments in respect of prior periods	(1,529)	15,641
Share of associate's current tax	8,629	6,095
	<u>218,027</u>	<u>299,408</u>
Total current tax	251,392	336,699
<i>Deferred tax (see note 15)</i>		
Origination/reversal of timing differences	33,942	13,734
Prior year adjustments	(1,335)	-
	<u>32,607</u>	<u>13,734</u>
Total deferred tax movement	32,607	13,734
Tax on profit on ordinary activities	<u>283,999</u>	<u>350,433</u>

#### Factors affecting the tax charge for the current period

The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016	2015
	€	€
Profit on ordinary activities before tax	269,265	459,122
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%)	53,853	96,416
<i>Effects of</i>		
Expenses not allowable for tax purposes	118,449	73,291
Timing differences on which deferred tax not provided	40,573	18,638
Overseas taxes and rate differences	73,987	147,732
Adjustment relating to the prior year	(2,863)	14,356
Total tax charge for the period	<u>283,999</u>	<u>350,433</u>

## Notes (continued)

### 8 Taxation (continued)

#### *Factors that may affect future current and total tax charges*

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2015) and 20% (effective from 1 April 2016) were substantively enacted on 2 July 2013. In the Budget on 8 July 2016, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2016 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

### 9 Intangible fixed assets

Group	Goodwill €
<i>Cost</i>	
At beginning of year	6,763,243
	<hr/>
At end of year	6,763,243
	<hr/>
<i>Amortisation and impairment</i>	
At beginning of year	1,555,186
Charged in year	436,385
	<hr/>
At end of year	1,991,571
	<hr/>
<i>Net book value</i>	
At 31 March 2016	4,771,672
	<hr/>
At 31 March 2015	5,208,057
	<hr/>

**Notes (continued)**

**9 Intangible fixed assets (continued)**

<b>Company</b>	<b>Goodwill €</b>
<i>Cost</i>	
At beginning of year	2,365,233
	<hr/>
At end of year	2,365,233
	<hr/>
<i>Amortisation and impairment</i>	
At beginning of year	747,970
Charged in year	143,184
	<hr/>
At end of year	891,154
	<hr/>
<i>Net book value</i>	
At 31 March 2016	1,474,079
	<hr/>
At 31 March 2015	1,617,263
	<hr/>

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The following sets out the periods over which goodwill is amortised based on the estimated useful life of the goodwill:

**Group only**

- Goodwill arising on purchase of Heinrich Thulesius GmbH & Co. KG by the SEI Interconnect Products (Europe) Limited (German branch) in 2013 is amortised over 15 years.
- Goodwill arising on purchase of SEI Identification Solutions (formally Siegrist - Orel Limited) by SEI Interconnect Products (Europe) Limited in 2013 is amortised over 15 years.

**Group and Company**

- Goodwill arising on purchase of the Sumitomo Electric Schrumpft Produkte GmbH sales business by the SEI Interconnect Products (Europe) Limited (German branch) in 2013 is amortised over 15 years.
- Goodwill arising on purchase of German branch from Sumitomo Electric Europe Limited in 1998 is amortised over 15 years.
- Goodwill arising on purchase of the flat flexible cable business from SEI Interconnect Products (UK) Ltd in 1998 is amortised over 20 years.

## Notes (continued)

### 10 Tangible fixed assets

<i>Group</i>	<b>Plant and machinery</b>	<b>Fixtures, fittings, tools and equipment</b>	<b>Total</b>
	€	€	€
<b>Cost</b>			
At beginning of year	1,591,378	957,675	2,549,053
Additions	151,144	116,881	268,025
Disposals	(698,603)	(99,483)	(798,086)
Foreign exchange adjustment	(49,486)	(30,585)	(80,071)
At end of year	994,433	944,488	1,938,921
<b>Depreciation</b>			
At beginning of year	1,323,000	567,411	1,890,411
Charge for year	168,186	151,784	319,970
On disposals	(698,603)	(98,924)	(797,527)
Exchange adjustment	(40,687)	(22,658)	(63,345)
At end of year	751,896	597,613	1,349,509
<b>Net book value</b>			
At 31 March 2016	242,537	346,875	589,412
At 31 March 2015	268,378	390,264	658,642

<i>Company</i>	<b>Plant and Machinery</b>	<b>Fixtures, fittings, tools and equipment</b>	<b>Total</b>
	€	€	€
<b>Cost</b>			
At beginning of year	1,298,249	713,795	2,012,044
Additions	133,306	67,899	201,205
Disposals	(698,603)	(98,924)	(797,527)
At end of year	732,952	682,770	1,415,722
<b>Depreciation</b>			
At beginning of year	1,168,537	503,091	1,671,628
Charge for year	135,267	104,401	239,668
On disposals	(698,603)	(98,924)	(797,527)
At end of year	605,201	508,568	1,113,769
<b>Net book value</b>			
At 31 March 2016	127,751	174,202	301,953
At 31 March 2015	129,712	210,704	340,416

## Notes (continued)

### 11 Fixed asset investments

Group	Interests in associated undertakings €	Other investments €	Total €
<b>Cost</b>			
At beginning of year	96,141	38,000	134,141
Foreign exchange adjustment	(13,005)	-	(13,005)
At end of year	83,136	38,000	121,136
<b>Share of post-acquisition reserves</b>			
At beginning of year	42,831	-	42,831
Retained profits less losses	34,460	-	34,460
At end of year	77,291	-	77,291
<b>Net book value</b>			
At 31 March 2016	160,427	38,000	198,427
At 31 March 2015	138,972	38,000	176,972
<b>Company</b>			
<b>Cost</b>			
At beginning of year	5,704,186	38,000	5,742,186
At end of year	5,704,186	38,000	5,742,186
<b>Net book value</b>			
At 31 March 2016	5,704,186	38,000	5,742,186
At 31 March 2015	5,704,186	38,000	5,742,186



## Notes (continued)

### 11 Fixed asset investments (continued)

	Country of incorporation	Principal activity	Class and percentage of shares held	Group	Company
<b>Subsidiary undertakings</b>					
SEI Identification Solutions Limited (formally Siegrist Orel Ltd)	UK	Manufacture of cable identification systems and accessories	100% of Ordinary share capital	100% of Ordinary share capital	100% of Ordinary share capital
Siegrist Orel France SAS (shares owned by SEI Identification Solutions Limited)	France	Manufacture of cable identification systems and accessories	100% of Ordinary share capital	100% of Ordinary share capital	-
Heinrich Thulesius GmbH & Co. KG	Germany	Distribution of wire and cable	General and Limited partner	Limited partner with rights to 100% of profits	100% of Ordinary share capital
Thulesius Beteiligungsgesellschaft mbH	Germany	Holding company (general partner in Heinrich Thulesius)	100% of Ordinary share capital	100% of Ordinary share capital	100% of Ordinary share capital
<b>Associated undertakings</b>					
Silpro Extrusions Limited (shares owned by SEI Identification Solutions Limited)	UK	Manufacture of cable sleeving	50% of Ordinary share capital	-	-

### Associates and joint ventures

The total of the Group's profit before taxation from interests in associates was €43,089 (2015: €30,430).

### 12 Stocks

	Group		Company	
	2016 €	2015 €	2016 €	2015 €
Finished goods and goods for resale	3,926,396	3,711,398	2,782,148	2,755,023

### 13 Debtors

	Group		Company	
	2016 €	2015 €	2016 €	2015 €
Trade debtors	13,992,900	9,610,791	13,333,641	8,900,580
Amounts owed by group undertakings	797,099	560,860	964,529	558,837
Amounts owed by undertakings in which the Company has a participating interest	-	-	192,738	218,135
Corporation tax	222,908	-	222,908	-
Deferred tax asset (note 15)	76,711	115,281	-	-
Other debtors	865,386	322,584	864,580	321,635
Prepayments and accrued income	119,813	317,416	70,654	213,618
	16,074,817	10,926,932	15,649,050	10,212,805

**Notes (continued)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Trade creditors	932,189	379,495	697,982	210,097
Amounts owed to group undertakings	12,082,959	6,834,373	12,164,029	6,797,164
Loan from group undertakings	7,784,711	8,735,737	7,399,847	8,313,276
Corporation tax	75,091	(20,825)	75,091	(20,825)
Other taxes and social security	283,989	187,593	170,632	122,741
Other creditors	246,553	184,289	229,039	142,855
Accruals and deferred income	304,357	301,063	232,003	233,899
	<u>21,709,849</u>	<u>16,601,725</u>	<u>20,968,623</u>	<u>15,799,207</u>

The loan from the group undertaking represents an amount of €7,784,711 (2015: €8,735,737) due to Sumitomo Electric Finance UK Limited, and was repayable in full on 25<sup>th</sup> April 2016. The loans from group undertakings within the Company and Group are made up of Euro, Sterling, USD and Japanese Yen and are subject to a varying interest rate per annum between 0.52% and 0.862%.

**15 Deferred taxation**

	<b>Group</b>	<b>Company</b>
	<b>€</b>	<b>€</b>
(Asset)/liability at 1 April 2015	(115,281)	-
(Credit)/Charge to the profit and loss account	32,607	-
Foreign exchange adjustment	5,963	-
	<u>(76,711)</u>	<u>-</u>
(Asset)/liability at 31 March 2016	<u>(76,711)</u>	<u>-</u>

## Notes (continued)

### 15 Deferred taxation (continued)

The elements of deferred taxation are as follows:

Group	31 March 2016 (Asset)/liability €	31 March 2015 (Asset)/liability €
Difference between accumulated depreciation and amortisation and capital allowances	14,108	16,401
Tax losses carried forward	(90,819)	(131,682)
	<u>(76,711)</u>	<u>(115,281)</u>
 Company	 31 March 2016 (Asset)/liability €	 31 March 2015 (Asset)/liability €
Difference between accumulated depreciation and amortisation and capital allowances	-	-
Other timing differences	-	-
Tax losses carried forward	-	-
	<u>-</u>	<u>-</u>

The unrecognised, potential deferred tax asset of the Company and Group at 20% (2015: 20%) is €108,335 (2015: €83,870). This asset is not recognised due to uncertainty existing as to the level and timing of future profits in SEI Interconnect Products (Europe) Limited within certain tax jurisdictions.

### 16 Called up share capital

	31 March 2016 £	31 March 2015 £
<i>Allotted, called up and fully paid</i>		
3,000,000 ordinary shares of £1 each	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>

The Euro equivalent of the issued share capital at the commencement of trading amounted to €4,215,900 (2015: €4,215,900).

## Notes (continued)

### 17 Contingent liabilities and capital commitments

The Company or the group had no contingent liabilities or capital commitments authorised and not contracted at the end of the year (2015: £nil).

### 18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

<i>Group</i>	2016 €	2015 €
Less than one year	393,777	359,232
Between one and five years	188,612	238,187
More than five years	42,143	-
	<u>624,532</u>	<u>597,419</u>
 <i>Company</i>	 2016 €	 2015 €
Less than one year	252,965	244,473
Between one and five years	158,809	111,959
More than five years	42,143	-
	<u>453,917</u>	<u>356,432</u>

During the year, £428,112 (2015: £400,276) was recognised as an expense.

### 19 Pension scheme

#### *Defined contribution pension scheme*

The Group operates a defined contribution pension scheme within the UK only. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to €77,098 (2015: €70,482).

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

### 20 Financial instruments

#### *Hedge accounting*

The Group uses net investment hedging within its consolidated financial statements in relation to the foreign exchange movement on its sterling loan taken out to acquire SEI Identification Solutions in 2013. During the year £77,412 (2015: £117,693) of this movement was recognised in Other Comprehensive Income as the effective part of the hedge and £36,003 (2015: £65,200) was recognised in profit or loss.

## Notes (continued)

### 21 Related party disclosures

SEI Interconnect Products (Europe) Limited is a subsidiary of Sumitomo Electric Industries Ltd, a company incorporated in Japan.

The largest group in which the results of the company are consolidated is that headed by Sumitomo Electric Industries Ltd. The consolidated financial statements of Sumitomo Electric Industries Ltd are available to the public and can be obtained from Sumitomo Electric Industries Ltd, Osaka, Japan.

During the period, the company had the following transactions with related parties which are not wholly owned.

	Relationship	Transaction	31 March 2016		31 March 2015	
			Transaction Value €	Balance at due (to)/from related party €	Transaction Value €	Balance at due (to)/from related party €
Silpro Extrusions Ltd	Associate	Service fee billed to associate	22,751	4,331	14,453	4,412
Silpro Extrusions Ltd	Associate	Purchase of goods from associate	(129,000)	(13,029)	(120,702)	12,026

There were no amounts written off during the period or doubtful debts at the end in relation to related parties.

### 22 Ultimate parent company and parent undertaking of larger group

The ultimate parent Company is Sumitomo Electric Industries Ltd, a company incorporated in Japan. Copies of the group accounts are available to the public and can be obtained from Sumitomo Electric Industries Ltd, Osaka, Japan.

### 23 Accounting estimates and judgements

#### *Key sources and estimation uncertainty*

There are no significant areas of estimation and uncertainty that may cause material adjustment to the carrying values of assets or liabilities within the next financial year to the group or company's accounts, other than the judgements set out below.

#### *Critical accounting judgements in applying the group/company's accounting policies*

The group and company have made provisions against the book value of stock and trade debtors. These provisions at 31 March 2016 were group €721,686 (2015: €650,907) and company €436,064 (2015: €354,776). These provisions are reviewed regularly and adjustments made as required.

### 24 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 as well as the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 financial statements, the company has no material adjustments to those amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).