SEI Interconnect Products (Europe) Limited

Directors' report and financial statements

Registered number 3639819

Year ended 31 March 2019

Contents

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.

Review of business

Revenue for the year was € 65,917,596, a decrease of 0.2% compared with last year's figure of € 66,043,804. The market for many of the products within the SEI Interconnect Products (Europe) Limited Group portfolio have been positive during the year, although a couple of the product lines have been challenging due to market fluctuations. Although sales for the coming year look positive it is not anticipated that in total thcy will achieve the levels of those for the year ended 31st March 2019. A number of product groups that had a positive year during the year ended 31st March 2019 will find it difficult to achieve similar levels of business in the coming year due to difficult markets facing these products, for example due to the slow-down in the automotive market. The Group is also facing increased competition in key markets from Asian/US suppliers and this together with market factors outside the company's control may impact the Group's ability to achieve sales results in line with levels of the previous year. Acknowledging potentially difficult trading conditions within certain product groups measures have been taken to improve the performance in these areas where possible to bring these more in line with expectations.

Profit before tax was € 2,080,994 (3.1% of sales) compared to € 2,705,763 (4.10% of sales) for the year ended 31st March 2018. Even though sales levels have increased profit before tax has decreased by € 624,769. This in the main has been driven by 'product mix' and a movement towards sales in lower margin products together with an increased level of costs, being a result of increasing levels of staffing to improve presence in and develop key markets in which we currently operate and wish to operate in the near future. The control of costs is a priority and will be a focus going forward. The Group is aware that with increasing market share within each of its product groups there comes increased competition and are aware of the risks to the business of increased price competition and will endeavour to continually strongly negotiate with suppliers to hold the gross margin at current levels. The programme of cost control which has enabled us to keep operating costs to acceptable levels will be continued to be pursued.

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 well 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.

There has been no real change to the Group's plans for the coming year which continues to be to strengthen the company's existing business by developing this with 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.

Transfer of business

On the 1st July 2018, the sales function of the subsidiary company SEI Identification Solutions Limited was transferred to SEI Interconnect Products (Europe) Limited. This action was undertaken to allow SEI Identification Solutions Limited to concentrate on the production of marking products and product development which will provide a more efficient, cost effective production base to aid in the development of future business.

The previous SEI Identification Solutions Limited sales team will become part of the SEI Interconnect Products (Europe) Limited European Fine Polymer team and concentrate on developing 'marking' business, throughout Europe via the SEI Interconnect Products (Europe) Limited European business network as well as globally via the Sumitomo Electric Industries global business network.

The 'de merger' is designed to improve production capacity, efficiency and aid in product development as well as being able to market the products of SEI Identification Solutions Limited on a global scale. It is felt that these actions will enable Sumitomo group to grow the 'marking' business to its full potential.

Principle 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, Stg 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 strengthen of any new customers as well as regularly monitoring the financial wellbeing of 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.

Brexit

On June 23, 2016, The United Kingdom (U.K.) held a referendum in which voters approved an exit from the E.U., commonly referred to as 'Brexit'. As a result of the referendum, the British government has begun to negotiate the terms of the U.K.'s future relationship with the E.U. Although it is still uncertain as to what those terms will be, it is possible that there will be greater restrictions on imports and exports between the U.K. and E.U. countries and increased regulatory complexities. Although these changes at the date of these Financial Statements are uncertain the Directors have identified and considered any adverse effects of the impact that a 'hard Brexit' may have on the company's operations and have been working with suppliers and customers to limit these potential impacts.

By order of the board

D Gillett D Gillett
Secretary

10 Axis Court
Mallard Way
Riverside Business Park
Swansea
SA7 OAJ

13th December 2019

Directors' Report

Dividends

The directors propose a dividend for the year of € 540,000 (2018: 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 end of months, with strict compliance to these terms.

Directors

The directors who served throughout the year were:

Y Miyata
S Konishi

Overseas branches

The group had overseas operations located in France, Germany, Italy, and Hungary throughout the period.

Political and charitable donations

The company made a charitable donation of £200 in the year (2018: £200).

Disclosure of information to the auditors

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 auditors are 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 auditors are aware of this information.

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.

D Gillett D. Gillett
Secretary

10 Axis Court
Mallard Way
Riverside Business Park
Swansea
SA7 OAJ

13th December 2019

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

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

Opinion

We have audited the financial statements of SEI Interconnect Products (Europe) Limited ("the company") for the year ended 31 March 2019 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

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

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Lomax (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

18 December 2019

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31 March 2019

	Note	2019	2018
		€	€
Turnover	2	**65,917,596**	66,043,804
Cost of sales		**(57,322,020)**	(57,218,616)
Gross profit		**8,595,576**	8,825,188
Administrative expenses		**(6,548,698)**	(6,264,690)
Other operating income		**109,383**	145,630
Group operating profit		**2,156,261**	2,706,128
Share of operating profit in associates		**61,971**	49,758
Total operating profit		**2,218,232**	2,755,886
Interest receivable and similar income	6	**36,277**	14,082
Interest payable and similar expenses	7	**(173,515)**	(64,205)
Profit before taxation	2-7	**2,080,994**	2,705,763
Tax on profit	8	**(915,044)**	(654,039)
Profit after taxation		**1,165,950**	2,051,724
Other comprehensive income			
Foreign exchange differences on translation of subsidiary undertaking		**(5,885)**	-
Other comprehensive income for the year		**(5,885)**	-
Total comprehensive income for the year		**1,160,065**	2,051,724

The notes on pages 13 to 28 form an integral part of these financial statements.

Consolidated Balance Sheet
at 31 March 2019

	Note	2019 €	2019 €	2018 €	2018 €
Fixed assets					
Intangible assets					
Goodwill	9		3,461,900		3,898,490
Tangible assets	10		575,028		552,667
Investments	11				
Investments in associates		217,471		166,856	
Other investments		38,000		38,000	
					204,856
			4,292,399		4,656,013
Current assets					
Stocks	12	6,249,173		4,449,336	
Debtors	13	14,116,836		13,292,213	
Cash at bank and in hand		820,502		655,860	
		21,186,511		18,397,409	
Creditors: amounts falling due within one year	14	(17,196,907)		(15,895,745)	
Net current assets/(liabilities)			3,989,604		2,501,664
Creditors: amounts falling due after one year	15		-		(35,739)
Total assets less total liabilities being net assets			8,282,003		7,121,938
Capital and reserves					
Called up share capital	17		4,215,900		4,215,900
Profit and loss account			4,066,103		2,906,038
Shareholders' funds			8,282,003		7,121,938

The notes on pages 13 to 28 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 13th December 2019 and were signed on its behalf by:

S Konishi
Director

Company registered number: 3639819

Company Balance Sheet
at 31 March 2019

	Note	2019	2019	2018	2018
		€	€	€	€
Fixed assets					
Intangible assets					
Goodwill	9		1,043,910		1,187,299
Tangible assets	10		85,316		95,536
Investments	11		5,742,186		5,742,186
			6,871,412		7,025,021
Current assets					
Stocks	12	4,867,543		3,049,715	
Debtors	13	14,031,046		12,662,411	
Cash at bank and in hand		502,681		392,525	
		19,401,270		16,104,651	
Creditors: amounts falling due within one year	14	(16,937,278)		(15,140,648)	
Net current assets/(liabilities)			2,463,992		964,003
Total assets less current liabilities being net assets			9,335,404		7,989,024
Capital and reserves					
Called up share capital	17		4,215,900		4,215,900
Profit and loss account			5,119,504		3,773,124
Shareholders' funds			9,335,404		7,989,024

The notes on pages 13 to 28 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 13th December 2019 and were signed on its behalf by:

S Konishi

S Konishi
Director

Company registered number: 3639819

Consolidated Statement of Changes in Equity
for the year ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	€	€	€
Balance at 1 April 2017	4,215,900	854,314	5,070,214
Total comprehensive income for financial year			
Profit for the year	-	2,051,724	2,051,724
Other comprehensive income:			
Foreign exchange differences on translation of subsidiary undertakings	-	-	-
Total comprehensive income for the year	-	2,051,724	2,051,724
Balance at 31 March 2018	**4,215,900**	**2,906,038**	**7,121,938**
Balance at 1 April 2018	4,215,900	2,906,038	7,121,938
Total comprehensive income for financial year			
Profit for the year	-	**1,165,950**	**1,165,950**
Other comprehensive income:	-	(5,885)	(5,885)
Foreign exchange differences on translation of subsidiary undertakings			
Total comprehensive income for the year	-	1,160,065	1,160,065
Balance at 31 March 2019	**4,215,900**	**4,066,103**	**8,282,003**

The notes on pages 13 to 28 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	€	€	€
Balance at 1 April 2017	4,215,900	1,546,225	5,762,125
Total comprehensive income for financial year			
Profit for year	-	2,226,899	2,226,899
Balance at 31 March 2018	**4,215,900**	**3,773,124**	**7,989,024**
Balance at 1 April 2018	4,215,900	3,773,124	7,989,024
Total comprehensive income for financial year			
Profit for year	-	**1,346,380**	**1,346,380**
Balance at 31 March 2019	**4,215,900**	**5,119,504**	**9,335,404**

The notes on pages 13 to 28 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 England & Wales 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.

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, except for derivative financial instruments which are stated at their fair value.

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 Directors have prepared cash flow forecasts which show that the company is expected to continue to generate positive cash flows on its own account for the foreseeable future and for at least 12 months from the date of approval of these financial statements. On that basis, the directors have continued to prepare the financial statements under the going concern basis of accounting.

1.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31st March 2019. 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. Significance influence is presumed to exists when the investors 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.

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 of tangible fixed assets 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 residual 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 2019	Year ended 31 March 2018
	€	€
Europe	**57,661,237**	58,915,098
South America	**15,900**	-
North America	**222,669**	207,322
Asia	**1,302,016**	727,172
Africa	**6,715,774**	6,194,212
	65,917,596	66,043,804

3 Notes to the profit and loss account

	2019	2018
	€	€
Profit before taxation is stated after charging/(crediting)		
Amounts receivable by the auditors and their associates in respect of:		
- audit of these financial statements	**42,768**	39,774
- audit of the financial statements of subsidiaries of the Company	**13,239**	9,615
- tax compliance	**15,426**	26,801
- other tax advisory services	**8,600**	11,329
- all other services	**24,572**	13,424
Depreciation	**192,303**	310,307
Amortisation of goodwill	**436,590**	436,591
Operating lease rentals		
- other	**432,330**	425,133
Operating lease income		-
Profit on disposal of assets	**(9,000)**	(5,072)

4 Remuneration of directors

	2019	2018
	€	€
Directors' emoluments	**111,808**	77,813

Notes *(continued)*

5 Staff numbers and costs

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

	Number of employees	
	2019	2018
Distribution/office staff	70	70
Manufacturing	20	20
	90	90

	2019	2018
	€	€
Wages and salaries	3,718,330	3,477,800
Social security costs	548,243	518,756
Other pension costs (note 20)	82,886	87,171
	4,349,459	4,083,727

6 Interest receivable and similar income

	2019	2018
	€	€
On bank accounts	15,622	14,082
Net exchange gain	20,655	-
	36,277	14,082

7 Interest payable and similar expenses

	2019	2018
	€	€
On loans from group companies	53,811	20,791
Interest on overdue taxes	-	-
Net exchange loss	119,704	43,414
	173,515	64,205

Notes *(continued)*

8 Taxation

Analysis of charge in period

	2019		2018	
	€	€	€	€
UK corporation tax				
Current tax on income for the period	**46,039**		11,711	
		46,039		11,711
Foreign tax				
Current tax on income for the period	**807,485**		599,819	
Adjustments in respect of prior periods	**64,409**		26,708	
Share of associate's current tax	**11,775**		9,369	
		883,669		635,896
Total current tax		**929,708**		647,607
Deferred tax (see note 16)				
Origination/reversal of timing differences	**(7,408)**		5,578	
Prior year adjustments	**(7,256)**		854	
Total deferred tax movement		**(14,664)**		6,432
Tax on profit		**915,044**		654,039

Factors affecting the tax charge for the current period

The tax assessed for the year is higher *(2018: higher)* than the standard rate of corporation tax in the UK of 19% *(2018: 19%)*. The differences are explained below:

	2019	2018
	€	€
Profit before tax	**2,075,109**	2,705,763
Profit multiplied by the standard rate of corporation tax in the UK of 19% *(2018: 19%)*	**394,271**	514,095
Effects of		
Expenses not allowable for tax purposes	**103,192**	30,782
Timing differences on which deferred tax not provided	**(5,067)**	18,668
Overseas taxes and rate differences	**365,494**	54,681
Adjustment relating to the prior year	**57,154**	4,644
Utilised current year overseas tax	-	31,169
Total tax charge for the period	**915,044**	654,039

Notes *(continued)*

8 Taxation *(continued)*

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2018) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the Company's future current tax charge accordingly.

The deferred tax liability at 31 March 2019 has been calculated based on these rates.

9 Intangible fixed assets

Group	**Goodwill** €
Cost	
At beginning of year	6,763,243
At end of year	6,763,243
Amortisation and impairment	
At beginning of year	2,864,753
Charged in year	436,590
At end of year	3,301,343
Net book value	
At 31 March 2019	**3,461,900**
At 31 March 2018	3,898,490

Notes *(continued)*

9 Intangible fixed assets *(continued)*

Company	**Goodwill**
	€
Cost	
At beginning of year	2,365,233
At end of year	2,365,233
Amortisation and impairment	
At beginning of year	1,177,934
Charged in year	143,390
At end of year	1,321,324
Net book value	
At 31 March 2019	**1,043,910**
At 31 March 2018	1,187,299

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

Notes *(continued)*

10 Tangible fixed assets

Group	Motor Vehicles	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	€	€	€	€
Cost				
At beginning of year	217,813	579,636	960,980	1,758,429
Additions	74,545	81,229	55,985	211,759
Disposals	(31,405)	-	(63,876)	(95,281)
Foreign exchange adjustment	428	6,038	3,506	9,972
At end of year	261,381	666,903	956,595	1,884,879
Depreciation				
At beginning of year	107,509	412,055	686,198	1,205,762
Charge for year	61,333	56,446	74,524	192,303
On disposals	(31,405)	-	(63,876)	(95,281)
Exchange adjustment	101	4,054	2,912	7,067
At end of year	137,538	472,555	699,758	1,309,851
Net book value				
At 31 March 2019	**123,843**	**194,348**	**256,837**	**575,028**
At 31 March 2018	110,304	167,581	274,782	552,667

Company	Motor Vehicles	Plant and Machinery	Fixtures, fittings, tools and equipment	Total
	€	€	€	€
Cost				
At beginning of year	70,574	277,901	641,823	990,298
Additions	34,235	-	22,578	56,813
Disposals	(31,405)	-	(63,876)	(95,281)
At end of year	73,404	277,901	600,525	951,830
Depreciation				
At beginning of year	41,622	248,983	604,157	894,762
Charge for year	19,398	28,918	18,717	67,033
On disposals	(31,405)	-	(63,876)	(95,281)
At end of year	29,615	277,901	558,998	866,514
Net book value				
At 31 March 2019	**43,789**	-	**41,527**	**85,316**
At 31 March 2018	28,952	28,918	37,666	95,536

Notes *(continued)*

11 Fixed asset investments

Group	Interests in associated undertakings €	Other investments €	Total €
Cost			
At beginning of year	67,618	38,000	105,618
Foreign exchange adjustment	(9,179)	-	(9,179)
At end of year	58,439	38,000	96,439
Share of post-acquisition reserves			
At beginning of year	99,238	-	99,238
Retained profits less losses	59,794	-	59,794
At end of year	159,032	-	159,032
Net book value			
At 31 March 2019	**217,471**	**38,000**	**255,471**
At 31 March 2018	166,856	38,000	204,856

Company	Shares in group undertakings €	Other investments €	Total €
Cost			
At beginning of year	5,704,186	38,000	5,742,186
At end of year	5,704,186	38,000	5,742,186
Net book value			
At 31 March 2019	**5,704,186**	**38,000**	**5,742,186**
At 31 March 2018	5,704,186	38,000	5,742,186

Notes *(continued)*

11 Fixed asset investments *(continued)*

	Registered Office	Principal Activity	Class and percentage of shares held	
Subsidiary undertakings			**Group**	**Company**
SEI Identification Solutions Limited	Pysons Road Industrial Estate, Broadstairs, Kent, CT10 2LQ UK	Manufacture of cable identification systems and accessories	100% of Ordinary share capital	100% of Ordinary share capital
SEI Identification Solutions France SAS *	Burolines-Partner, 2bis rue Marcel Doret, 31700 Blagnac, France	Manufacture of cable identification systems and accessories	100% of Ordinary share capital	-
Heinrich Thulesius GmbH & Co. KG	Zum Panrepel 15, 28307 Bremen, Germany	Distribution of wire and cable	General and Limited partner	Limited partner with rights to 100% of profits
Thulesius Beteiligungsgesellschaft mbH	Zum Panrepel 15 28307 Bremen, Germany	Holding company (general partner in Heinrich Thulesius)	100% of Ordinary share capital	100% of Ordinary share capital
Associated undertakings				
Silpro Extrusions Limited*	Pysons Road Industrial Estate, Broadstairs, Kent, CT10 2LQ UK	Manufacture of cable sleeving	50% of Ordinary share capital	-

**shares owned by SEI Identification Solutions Limited*

Associates and joint ventures

The total of the Group's profit before taxation from interests in associates was €61,971 *(2018: €49,758)*.

12 Stocks

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Finished goods and goods for resale	**6,243,614**	4,409,631	**4,861,984**	3,010,010
Work in progress	**5,559**	39,705	**5,559**	39,705
	6,249,173	4,449,336	**4,867,543**	3,049,715

13 Debtors

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Trade debtors	**10,753,719**	11,142,763	**10,434,335**	10,407,622
Amounts owed by group undertakings	**2,887,091**	1,643,125	**2,892,074**	1,606,670
Amounts owed by undertakings in which the Company has a participating interest	**-**	-	**396,858**	167,186
Value added tax	**78,429**	216,949	**112,168**	275,206
Other debtors	**144,368**	32,675	**144,368**	26,563
Prepayments and accrued income	**248,209**	256,701	**46,223**	179,164
Deferred Tax Asset (note 16)	**5,020**	-	**5,020**	-
	14,116,836	13,292,213	**14,031,046**	12,662,411

Notes *(continued)*

14 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Trade creditors	**1,928,905**	814,399	**1,625,453**	800,775
Amounts owed to group undertakings	**13,394,578**	13,477,250	**13,649,453**	12,994,877
Corporation tax	**837,741**	671,015	**849,560**	686,093
Other taxes and social security	**158,183**	-	**82,974**	72,827
Other creditors	**215,427**	337,959	**67,546**	98,008
Accruals and deferred income	**662,073**	575,589	**662,292**	488,068
Deferred tax (note 16)	**-**	19,533	**-**	-
	17,196,907	15,895,745	**16,937,278**	15,140,648

The loans from group undertakings within the Company and Group were made up of Euro and Sterling and were subject to a varying interest rate per annum between 0.52% and 0.862%. The amounts owed to group undertakings contains an amount of €4,350,817 (2018: *€3,578,263*) due to Sumitomo Electric Finance UK Limited relating to a cash pooling facility, and is re-payable on demand. These cash pooling balances are subject to a varying interest rate per annum between 0.30% and 0.47%.

15 Creditors: amounts falling due after one year:

	Group		Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Other creditors	**-**	35,739	**-**	-
	-	35,739	**-**	-

16 Deferred taxation

	Group	**Company**
	€	**€**
Liability at 1 April 2018	19,533	
(Credit)/Charge to the profit and loss account	(14,664)	(5,020)
Foreign exchange adjustment	(9,889)	-
Asset at 31 March 2019	**(5,020)**	**(5,020)**

Notes *(continued)*

16 Deferred taxation *(continued)*

The elements of deferred taxation are as follows:

Group	31 March 2019 (Asset)/liability €	31 March 2018 (Asset)/liability €
Difference between accumulated depreciation and amortisation and capital allowances	**(5,020)**	19,553
	(5,020)	19,553

17 Share capital and reserves

	31 March 2019 £	31 March 2018 £
Allotted, called up and fully paid		
3,000,000 ordinary shares of £1 each	**3,000,000**	3,000,000

The Euro equivalent of the issued share capital at the commencement of trading amounted to €4,215,900 *(2018: €4,215,900)*.

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

Within the profit and loss account reserves balance there is an amount of € (208,000) relating to foreign exchange differences on the translation of subsidiary balances (2018: € (213,885))

18 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 €nil *(2018: €nil)*.

Notes *(continued)*

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	2019 €	2018 €
Less than one year	**337,327**	321,642
Between one and five years	**250,692**	243,733
More than five years	**-**	33,030
	588,019	598,405

Company	2019 €	2018 €
Less than one year	**287,942**	272,370
Between one and five years	**217,722**	206,339
More than five years	**-**	33,030
	505,664	511,739

During the year, €432,330 *(2018: €425,133)* was recognised as an expense.

20 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 €82,886 *(2018: €87,171)*.

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

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, 4-5-33, Kitahama, Chuo-ku, Osaka, Japan.

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

	Relationship	Transaction	31 March 2019 Transaction Value €	31 March 2019 Balance at due (to)/from related party €	31 March 2018 Transaction Value €	31 March 2018 Balance at due (to)/from related party €
Silpro Extrusions Ltd	Associate	Service fee billed to associate	-	-	24,993	1,486
Silpro Extrusions Ltd	Associate	Purchase of goods from associate	-	-	(102,222)	(17,144)

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, 4-5-33, Kitahama, Chuo-ku, 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 2019 were group €477,941 *(2018: €799,336)* and company €212,230 *(2018: €551,958)*. These provisions are reviewed regularly and adjustments made as required.

The group and company have considered the necessity to make any provisions against the recoverability of any investments or goodwill held at historic cost values in these statements and consider any such provisions are not required as the future benefits deriving from the use of these assets are in excess of their current historic cost values. The company have considered the forecasts of the businesses in which it holds investments and the sensitivity of these forecasts with reference to the attainment of major new business, the discount rates applied to these calculations and potential growth in business and are satisfied any future benefits are in excess of investment values shown. The company has also considered alternatives to the above forecasts should the plans in place which are considered certain do not materialise and are comfortable that such forecasts also substantiate the value of the investments held.