

Company Registration No. 1307059 (England and Wales)

SUMITOMO ELECTRIC HARDMETAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

SUMITOMO ELECTRIC HARDMETAL LIMITED

COMPANY INFORMATION

Directors	Mr K Kimura Mr A Murayama Mr Y Kagiya
Secretary	Mr K Kimura
Company number	1307059
Registered office	3 Paper Mill Drive Redditch Worcestershire United Kingdom B98 8QJ
Auditor	Azets Audit Services Suites B & D Burnham Yard Beaconsfield Bucks HP9 2JH

SUMITOMO ELECTRIC HARDMETAL LIMITED

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SUMITOMO ELECTRIC HARDMETAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Principal activities

The principal activity of the company continued to be that of engineering cutting tool distribution.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr K Kimura
Mr A Murayama
Mr Y Kagiya

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr K Kimura
Director

4 July 2022

SUMITOMO ELECTRIC HARDMETAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

SUMITOMO ELECTRIC HARDMETAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF SUMITOMO ELECTRIC HARDMETAL LIMITED

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

SUMITOMO ELECTRIC HARDMETAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF SUMITOMO ELECTRIC HARDMETAL LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SUMITOMO ELECTRIC HARDMETAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF SUMITOMO ELECTRIC HARDMETAL LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Malcolm Benham (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

7 July 2022

Chartered Accountants
Statutory Auditor

Suites B & D
Burnham Yard
Beaconsfield
Bucks
HP9 2JH

SUMITOMO ELECTRIC HARDMETAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
	Notes	£	as restated £
Turnover	4	3,919,764	3,389,122
Cost of sales		(2,464,842)	(2,089,969)
Gross profit		1,454,922	1,299,153
Administrative expenses		(107,011)	(1,927,950)
Other operating income		29,854	136,763
Operating profit/(loss)	6	1,377,765	(492,034)
Interest receivable and similar income	9	100	667
Profit/(loss) before taxation		1,377,865	(491,367)
Tax on profit/(loss)	10	15,012	23,672
Profit/(loss) for the financial year		1,392,877	(467,695)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SUMITOMO ELECTRIC HARDMETAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	as restated £
Profit/(loss) for the year	1,392,877	(467,695)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,392,877</u>	<u>(467,695)</u>

SUMITOMO ELECTRIC HARDMETAL LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		163,234		442,861
Current assets					
Stocks	13	753,525		664,951	
Debtors	14	1,313,910		1,298,376	
Cash at bank and in hand		1,901,892		349,902	
		<u>3,969,327</u>		<u>2,313,229</u>	
Creditors: amounts falling due within one year	15	<u>(852,749)</u>		<u>(869,155)</u>	
Net current assets			3,116,578		1,444,074
Net assets			<u>3,279,812</u>		<u>1,886,935</u>
Capital and reserves					
Called up share capital	17	600,000		600,000	
Profit and loss reserves		2,679,812		1,286,935	
Total equity		<u>3,279,812</u>		<u>1,886,935</u>	

The financial statements were approved by the board of directors and authorised for issue on 4 July 2022 and are signed on its behalf by:

Mr K. Kimura
Director

Company Registration No. 1307059

SUMITOMO ELECTRIC HARDMETAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
As restated for the period ended 31 March 2021:				
Balance at 1 April 2020		600,000	1,869,755	2,469,755
Year ended 31 March 2021:				
Loss and total comprehensive income for the year		-	(467,695)	(467,695)
Dividends	11	-	(115,125)	(115,125)
Balance at 31 March 2021		600,000	1,286,935	1,886,935
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	1,392,877	1,392,877
Balance at 31 March 2022		600,000	2,679,812	3,279,812

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Sumitomo Electric Hardmetal Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Paper Mill Drive, Redditch, Worcestershire, United Kingdom, B98 8QJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Sumitomo Electric Industries Limited, incorporated in Japan. These consolidated financial statements are available from its registered office,

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Straight line over 25 years
Leasehold improvements	Straight line over the period of the lease arrangement
Fixtures and fittings	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.8 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.11 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Change in accounting policy

In the year ended 31 March 2021 the company recognised its operating leases for property as right-of-use assets which is not permissible under FRS102 and this treatment has now been restated. The impact to the financial statement of the prior period adjustment is detailed in note 21.

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

4 Turnover and other revenue

	2022	2021
	£	£
Other significant revenue		
Interest income	100	667
Grants received	29,854	136,763
	<u>29,954</u>	<u>137,430</u>
	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	3,600,678	3,139,113
Europe	319,086	250,009
	<u>3,919,764</u>	<u>3,389,122</u>

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	18,000	20,000
	<u>18,000</u>	<u>20,000</u>
For other services		
Taxation compliance services	4,565	6,015
All other non-audit services	7,868	18,940
	<u>12,433</u>	<u>24,955</u>

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Operating profit/(loss)

	2022	2021
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	4,503	133
Government grants	(29,854)	(136,763)
Depreciation of owned tangible fixed assets	76,395	67,117
Profit on disposal of tangible fixed assets	(1,545,070)	-
Operating lease charges	106,269	83,753
	<u> </u>	<u> </u>

7 Employees

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

	2022	2021
	Number	Number
Number of production staff	8	8
Number of administrative staff	12	13
	<u> </u>	<u> </u>
Total	20	21
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	868,369	916,971
Social security costs	95,687	110,131
Pension costs	69,072	83,673
	<u> </u>	<u> </u>
	1,033,128	1,110,775
	<u> </u>	<u> </u>

8 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	-	99,227
Company pension contributions to defined contribution schemes	-	7,883
	<u> </u>	<u> </u>
	-	107,110
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2021 - 1).

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	100	667
	<u>100</u>	<u>667</u>

10 Taxation

	2022	2021
	£	£
Current tax		
Adjustments in respect of prior periods	(15,012)	(23,672)
	<u>(15,012)</u>	<u>(23,672)</u>

The actual credit for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit/(loss) before taxation	1,377,865	(491,367)
	<u>1,377,865</u>	<u>(491,367)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	261,794	(93,360)
Tax effect of expenses that are not deductible in determining taxable profit	(4,478)	(971)
Gains not taxable	(293,563)	-
Tax effect of utilisation of tax losses not previously recognised	(15,012)	(23,672)
Unutilised tax losses carried forward	29,322	94,965
Permanent capital allowances in excess of depreciation	6,925	4,474
Under/(over) provided in prior years	-	(5,108)
	<u>(15,012)</u>	<u>(23,672)</u>
Taxation credit for the year	<u>(15,012)</u>	<u>(23,672)</u>

11 Dividends

	2022	2021
	£	£
Interim paid	-	115,125
	<u>-</u>	<u>115,125</u>

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Tangible fixed assets

	Freehold land and buildings	Leasehold improvements	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 April 2021	619,916	81,203	491,816	1,192,935
Additions	-	-	3,246	3,246
Disposals	(619,916)	-	(196,418)	(816,334)
At 31 March 2022	-	81,203	298,644	379,847
Depreciation and impairment				
At 1 April 2021	412,265	7,633	330,176	750,074
Depreciation charged in the year	4,896	9,438	62,061	76,395
Eliminated in respect of disposals	(417,161)	-	(192,695)	(609,856)
At 31 March 2022	-	17,071	199,542	216,613
Carrying amount				
At 31 March 2022	-	64,132	99,102	163,234
At 31 March 2021	207,651	73,570	161,640	442,861

13 Stocks

	2022	2021
	£	£
Finished goods and goods for resale	753,525	664,951

14 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	1,021,240	931,608
Corporation tax recoverable	47,095	23,672
Amounts owed by group undertakings	184,584	185,361
Other debtors	9,145	9,202
Prepayments and accrued income	51,846	148,533
	1,313,910	1,298,376

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	30,291	129,646
Amounts owed to group undertakings	650,301	541,819
Taxation and social security	130,610	131,165
Accruals and deferred income	41,547	66,525
	<u>852,749</u>	<u>869,155</u>

16 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>69,072</u>	<u>83,673</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2022 £	2021 £
Ordinary share capital		
Issued and fully paid		
600,000 Ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>
	<u>600,000</u>	<u>600,000</u>

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	98,861	88,644
Between two and five years	238,755	263,955
In over five years	<u>82,052</u>	<u>119,921</u>
	<u>419,668</u>	<u>472,520</u>

19 Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

20 Ultimate controlling party

The ultimate parent company of Sumitomo Electric Hardmetal Limited is Sumitomo Electric Industries Limited, incorporated in Japan.

The largest and smallest group in which Sumitomo Electric Hardmetal Limited is a member and for which consolidated accounts are drawn up is that headed by Sumitomo Electric Industries Limited.

The consolidated accounts of this group are available to the public and may be obtained from Sumitomo Electric Industries Limited, 5-33, Kitahama 4-chome, Chuo-ku, Osaka, Japan.

21 Prior period adjustment

In the year ended 31 March 2021 the company recognised its operating leases for property as right-of-use assets which is not permissible under FRS102 and this treatment has now been restated. The impact to the financial statement of the prior period adjustment is detailed below.

Changes to the balance sheet

	As previously reported £	Adjustment £	As restated at 31 Mar 2021 £
Fixed assets			
Tangible assets	859,137	(416,276)	442,861
Current assets			
Debtors due within one year	1,289,266	9,110	1,298,376
Creditors due within one year			
Finance leases	(81,693)	81,693	-
Creditors due after one year			
Finance leases	(352,357)	352,357	-
Net assets	1,860,051	26,884	1,886,935
Capital and reserves			
Profit and loss reserves	1,260,051	26,884	1,286,935

Changes to the profit and loss account

	As previously reported £	Adjustment £	As restated £
Period ended 31 March 2021			
Administrative expenses	(1,928,145)	195	(1,927,950)
Interest payable and similar expenses	(26,689)	26,689	-
Loss for the financial period	(494,579)	26,884	(467,695)

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

21	Prior period adjustment	(Continued)	
	Reconciliation of changes in equity		
		1 April 2020 £	31 March 2021 £
	Adjustments to prior year		
	Right of use asset reversal	-	26,884
	Equity as previously reported	2,469,755	1,860,051
	Equity as adjusted	2,469,755	1,886,935
	Analysis of the effect upon equity		
	Profit and loss reserves	-	26,884
	Reconciliation of changes in loss for the previous financial period		
			2021 £
	Adjustments to prior year		
	Right of use asset reversal		26,884
	Loss as previously reported		(494,579)
	Loss as adjusted		(467,695)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.