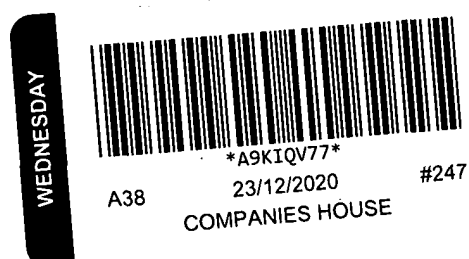


Company Registration No. 02605811 (England and Wales)

**DANFOSS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# **DANFOSS LIMITED**

## **COMPANY INFORMATION**

---

**Directors**

A Stahlschmidt  
N Wanless  
T Christensen  
J Gaarde Gad  
M Postings

**Company number**

02605811

**Registered office**

22 Wycombe End  
Beaconsfield  
Buckinghamshire  
HP9 1NB

**Independent auditors**

PricewaterhouseCoopers LLP  
Exchange House  
Central Business Exchange  
Midsummer Boulevard  
Milton Keynes  
MK9 2DF

---

# **DANFOSS LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 26

---

# DANFOSS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

---

The directors present the strategic report for the year ended 31 December 2019.

#### **Business review, principal activities and future developments**

The company is a wholly owned subsidiary of Danfoss A/S, a company registered in Denmark. For the year ended 31 December 2019 the company's principal activities are the sale of controls and variable speed drives in the electrical and refrigeration industries, refrigeration compressors and the manufacture and supply of electronic and electro-mechanical heating controls, including time controls and thermostats and thermostatically regulated valves.

As shown in the company's statement of comprehensive income, the company's turnover for the year was £90,876k (2018: £90,374k). The profit before taxation for the company in 2019 was £3,906k (2018: £4,461k). This was in line with the Directors' expectations. As shown in the company's balance sheet on page 8, the company's net assets at 31 December 2019 were £16,010k (2018: £16,445k). This was in line with Directors' expectations.

In 2020 we intend to continue adapting our structure to constantly changing market conditions and to continue our strict cost discipline. Through optimisation and standardisation of processes we can further improve our efficiency while simultaneously enhancing the quality of our customer service. Moreover, the optimisation of our production and logistics networks will continue to improve our cost structures. As part of this strategy, the Bedford manufacturing operation was closed during 2019; the property and fixed assets were disposed of during the year. The remaining stock was sold to Danfoss A/S after the year-end. At the end of the year a restructuring provision relating to the closure has been made (see note 17).

#### **Risk Management**

The Danfoss Group's central finance department is responsible for the overall monitoring and control of financial and operational risk management. Strategic/operational risk covers the following areas, supplier management, contract management, company acquisition and integration and illegal copying of Danfoss products. Financial risk covers the following areas, currency exposure, interest rate risk, liquidity risk, credit risk, other hedging and pension obligations risk.

The company's activities expose it to various types of risk in the normal course of business. The following is not intended as a comprehensive summary of all risks.

#### **Foreign currency risk**

The company is exposed to foreign currency risk on its transactions that are denominated in currencies other than Great British Pounds. It is therefore exposed to the movement in exchange rates. This risk is partially mitigated by the company having bank accounts in foreign currencies.

#### **Interest rate and credit risk**

Interest rate risk is negligible as the company does not maintain any external debt. Exposure takes the form of customers who may not meet their obligation to agreed terms; the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

## **DANFOSS LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

#### **Liquidity and cash flow risk**

As at 31 December 2019 the company had no cash resources (2018: £Nil) as it uses the Danfoss Group cash pool facility for financing its operational expenses.

#### **Impact of Covid-19 subsequent to the year-end**

The coronavirus outbreak pandemic has developed rapidly and resulted in the UK and other governments introducing emergency measures to restrict the spread of the disease. These measures have caused a material disruption to global business markets and an economic slowdown in the UK which could negatively impact on the Company's financial performance.

The impact on the Company's financial performance depends on a number of factors such as the strength of the economy's recovery, severity of the pandemic and the Government's resulting policies. These factors are expected to have an impact on the Company's performance and demand for the Company's products and are not possible to accurately predict.

The scope and direction of the pandemic is rapidly changing and additional impacts may arise. A sustained or prolonged outbreak could exacerbate the impact on the Company's performance.

#### **Going concern disclosure**

Danfoss Limited forecasts, including multiple scenarios taking account of the impact of Covid-19, demonstrate that Danfoss Limited will be able to operate for at least twelve months from the approval date of these Financial Statements. These scenarios range from a base case scenario where sales gradually return to pre Covid-19 during 2021/22 to a severe but plausible downside scenario of sales being lower by 75% when compared to pre Covid-19 level of sales.


Revenue for the 9 month period ended 30 September 2020 was 23% below revenue for the same period in 2019. The fall in revenue during the period negatively impacted on the company's operating profit, which fell from £4.2m in 2019 to £3.9m in 2020. The impact of the fall in revenue has been partially compensated by a reduction in fixed expenses during 2020 as a result of the closure of Bedford manufacturing facility. The company's cash position has improved by £2.3m during 2020, from £1.8m at 1 Jan 2020 to £4.1m at 30 Sept 2020. The Company is part of the Danfoss Group cash pool facility and as part of this agreement the company's cash is deposited with the Group. The cash pool balance is included within these financial statements as an intercompany debtor. The company can access this cash on demand.

Whilst it is acknowledged that Covid-19 will have an impact on the business over the next twelve months, based on the existing cash position and the scenarios analysis stated above, management concludes that there is no material uncertainty associated with the going concern.

#### **Financial Key Performance Indicators**

The company uses key performance indicators to assess performance including turnover and operating profit. In the year under review, turnover increased by £502k on continuing activities. Operating profit on continuing activities decreased by £696k due to a change in the mix of products sold during the year.

On behalf of the board



N Wanless

Director

22/12/2020

# DANFOSS LIMITED

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2019*

---

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

#### **Directors**

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

A Stahlschmidt  
N Wanless  
T Christensen  
J Gaarde Gad  
M Postings

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary interim dividends were paid amounting to £3,500,000, £0.56 per ordinary share (2018: £nil). The directors do not recommend payment of a further dividend.

#### **Post reporting date events**

The company's business activities and factors likely to affect its future development and financial position are set out in the strategic report.

As part of the Directors going concern review the 2019 and 2020 year to date financial performance of the Company has been analysed. In addition the financial position and performance of the Danfoss Group has also been reviewed in light of the Covid-19 pandemic and the impact that it has had to date on the Company.

As part of their consideration, the Directors have reviewed the cost reduction measures that have already taken place across Danfoss UK and the wider Danfoss Group, the company's net asset position at 31 December 2019, excluding pension surplus, of £9.2m and the Group's overdraft facilities that are available to the company.

The Directors have a reasonable expectation that the Company has adequate resources, including the Group's overdraft facility, to continue in operational existence for the foreseeable future being a period of at least 12 months from the date of these financial statements.

#### **Auditor**

The directors expect that PricewaterhouseCoopers LLP will resign as auditors following the approval of these accounts, and that Harwood Hutton Limited will be appointed to fill the vacancy arising.

## DANFOSS LIMITED

### DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### Statement of directors' responsibilities

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

#### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### Financial risk management and Future developments

The management of financial risks facing the company and future developments are discussed in the Strategic report included in these financial statements.

On behalf of the board

  
N Wanless  
Director

Date: 22/12/2020

## ***Independent auditors' report to the members of Danfoss Limited***

### **Report on the audit of the financial statements**

---

#### **Opinion**

In our opinion, Danfoss Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

---

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

---



## ***Independent auditors' report to the members of Danfoss Limited (continued)***

### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

---

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

#### ***Auditors' 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 auditors' 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 for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

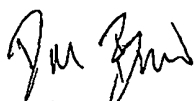
## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Daniel Brew (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes  
22 December 2020

# DANFOSS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Turnover	3	90,876	90,374
Cost of sales		(72,276)	(69,468)
<b>Gross profit</b>		<b>18,600</b>	<b>20,906</b>
Distribution costs		(4,336)	(4,561)
Administrative expenses		(10,207)	(11,592)
<b>Operating profit</b>	<b>4</b>	<b>4,057</b>	<b>4,753</b>
Interest receivable and similar income	8	157	140
Interest payable and similar expenses	9	(308)	(432)
<b>Profit before taxation</b>		<b>3,906</b>	<b>4,461</b>
Tax on profit	10	(753)	(869)
<b>Profit for the financial year</b>		<b>3,153</b>	<b>3,592</b>
<b>Other comprehensive (expense)/income</b>			
Actuarial loss on defined benefit pension schemes	19	(44)	(4,318)
Tax relating to other comprehensive (expenses)/income	10	(44)	734
<b>Total comprehensive income for the year</b>		<b>3,065</b>	<b>8</b>

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

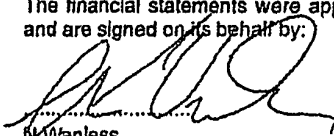
# DANFOSS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	12	2,378	2,675
Tangible assets	13	244	1,845
		<u>2,622</u>	<u>4,520</u>
<b>Current assets</b>			
Stocks	14	5,152	6,790
Debtors	15	34,987	32,162
		<u>40,119</u>	<u>38,952</u>
Creditors: amounts falling due within one year	16	(31,173)	(27,571)
<b>Net current assets</b>		<u>8,946</u>	<u>11,381</u>
<b>Total assets less current liabilities</b>		<u>11,568</u>	<u>15,901</u>
<b>Provisions for liabilities</b>	17	(2,398)	(2,010)
<b>Net assets excluding pension surplus</b>		<u>9,170</u>	<u>13,891</u>
<b>Defined benefit pension surplus</b>	19	6,840	2,554
<b>Net assets</b>		<u><u>16,010</u></u>	<u><u>16,445</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	6,200	6,200
Profit and loss reserve		9,810	10,245
<b>Total equity</b>		<u><u>16,010</u></u>	<u><u>16,445</u></u>

The financial statements were approved by the board of directors and authorised for issue on 22/12/2020 and are signed on its behalf by:

  
M. Vianless  
Director

Company Registration No. 02605811

# DANFOSS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £000	Profit and loss reserve £000	Total £000
<b>Balance at 1 January 2018</b>		6,200	10,237	16,437
<b>Year ended 31 December 2018:</b>				
Profit for the year		-	3,592	3,592
Other comprehensive expense:				
Actuarial loss on defined benefit schemes		-	(4,318)	(4,318)
Tax relating to other comprehensive expense		-	734	734
Total comprehensive income for the year		-	8	8
<b>Balance at 31 December 2018</b>		6,200	10,245	16,445
<b>Year ended 31 December 2019:</b>				
Profit for the year		-	3,153	3,153
Other comprehensive expense:				
Actuarial loss on defined benefit schemes		-	(44)	(44)
Tax relating to other comprehensive expense		-	(44)	(44)
Total comprehensive income for the year		-	3,065	3,065
Dividends	11	-	(3,500)	(3,500)
<b>Balance at 31 December 2019</b>		6,200	9,810	16,010

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

#### Company information

Danfoss Limited is a private company limited by shares incorporated in England and Wales. The registered office is 22 Wycombe End, Beaconsfield, Buckinghamshire, HP9 1NB.

#### 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 presented in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

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 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;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Danfoss A/S. These consolidated financial statements are available from its registered office, 6430 Nordborg, Denmark.

#### 1.2 Going concern

Danfoss Limited forecasts, including multiple scenarios taking account of the impact of Covid-19, demonstrate that Danfoss Limited will be able to operate for at least twelve months from the approval date of these Financial Statements. These scenarios range from a base case scenario where sales gradually return to pre Covid-19 during 2021/22 to a severe but plausible downside scenario of sales being lower by 75% when compared to pre Covid-19 level of sales.

Revenue for the 9 month period ended 30 September 2020 was 23% below revenue for the same period in 2019. The fall in revenue during the period negatively impacted on the company's operating profit, which fell from £4.2m in 2019 to £3.9m in 2020. The impact of the fall in revenue has been partially compensated by a reduction in fixed expenses during 2020 as a result of the closure of Bedford manufacturing facility. The company's cash position has improved by £2.3m during 2020, from £1.8m at 1 Jan 2020 to £4.1m at 30 Sept 2020. The Company is part of the Danfoss Group cash pool facility and as part of this agreement the company's cash is deposited with the Group. The cash pool balance is included within these financial statements as an intercompany debtor. The company can access this cash on demand.

Whilst it is acknowledged that Covid-19 will have an impact on the business over the next twelve months, based on the existing cash position and the scenarios analysis stated above, management concludes that there is no material uncertainty associated with the going concern.

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies (Continued)

#### 1.3 Turnover

*Turnover* is measured at the fair value of the consideration received or receivable for the sale of goods and the rendering of services in the normal course of business, and is shown net of discounts and VAT.

##### *Sale of goods*

Revenue arises from the sale of goods.

Revenue is recognised when the customer accepts delivery of the goods.

##### *Rendering of services*

Revenue arises from the provision of services.

Revenue is recognised proportionally over the performance of the service contract, by reference to the stage of completion of the transaction at the end of the financial year.

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 to 15 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. At each balance sheet date, the cash-generating unit to which goodwill has been allocated is assessed to determine whether there is any indication that the cash-generating unit may be impaired. If there is such an indication, the recoverable amount of the cash-generating unit is compared to the carrying amount of the cash-generating unit.

#### 1.5 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.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Leasehold land and buildings	6 to 15 years
Plant and equipment	4 to 6 years
Fixtures and fittings	2 to 6 years

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.

#### 1.6 Impairment of fixed assets

At each financial year end date, the company reviews the carrying amounts of its tangible and intangible 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).

#### 1.7 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.

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

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.

The company sells products for a number of markets and is subject to changing consumer demands. As a result, it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage in production of raw materials.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" 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.

##### **Basic financial assets**

Short term debtors are measured at transaction price less any provision for impairment. Loans receivable are measured initially at fair value, net of transaction costs and are subsequently carried at amortised costs using the effective interest method, less any provision for impairment.

##### **Basic financial liabilities**

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans and other loans, are measured initially at fair value, net of transaction costs and are subsequently carried at amortised costs using the effective interest method.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

##### **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.

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account.

#### **1.11 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

##### **Defined contribution schemes**

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

##### **Defined benefit schemes**

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the year in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the year as a result of contribution and benefit payments. The net interest is recognised in profit or loss as interest or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the year in which they occur and are not reclassified to profit and loss in subsequent financial years.



# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

#### 1.14 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.

#### 1.15 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 are included in the profit and loss account for the year.

### 2 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 year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future financial years where the revision affects both current and future years.

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

##### ***Stock provisioning***

The company holds a significant holding of raw materials and finished goods. It is therefore necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating stock provision management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 14.

##### ***Impairment of debtors***

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience and market knowledge. See note 15.

##### ***Defined benefit pension scheme***

The company has an obligation to pay benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 19.

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 3 Turnover

	2019 £000	2018 £000
<b>Turnover analysed by class of business</b>		
Sales of goods	90,596	90,085
Rendering of services	280	289
	<u>90,876</u>	<u>90,374</u>
 <b>Turnover analysed by geographical market</b>	 2019 £000	 2018 £000
UK	78,469	73,572
Europe	12,407	16,802
	<u>90,876</u>	<u>90,374</u>

### 4 Operating profit

	2019 £000	2018 £000
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	336	683
(Gain)/ loss on sale of tangible assets	(1,055)	(2)
Amortisation of intangible assets	297	297
Hire of plant and machinery - operating leases	188	19
Hire of other assets - operating leases	198	271
	<u></u>	<u></u>

(Gain)/ loss on sale of tangible assets include profit on disposal of tangible assets due to closure of the Bedford facility (refer note 13)

### 5 Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	<u>48</u>	<u>39</u>

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Employees

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

	2019 Number	2018 Number
Production	80	100
Administration	22	23
Sales and marketing	102	98
	<u>204</u>	<u>221</u>

Their aggregate remuneration comprised:

	2019 £000	2018 £000
Wages and salaries	10,797	10,512
Social security costs	1,273	1,159
Other pension costs	827	833
	<u>12,897</u>	<u>12,504</u>

### 7 Directors' remuneration

	2019 £000	2018 £000
Remuneration for qualifying services	303	319
Amounts receivable under long term incentive schemes	33	40
Company pension contributions to defined contribution schemes	18	16
	<u>354</u>	<u>375</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £000	2018 £000
Remuneration for qualifying services	178	200
Amounts receivable under long term incentive schemes	33	40
Company pension contributions to defined contribution schemes	10	7

Two Directors were remunerated by the company (2018: Two). The emoluments of the other Directors were paid by the parent company. These Directors' services to this company and fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no emoluments in respect of their services.

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Interest receivable and similar income

	2019 £000	2018 £000
<b>Interest income</b>		
Interest on the net defined benefit asset	130	140
Other interest income	27	-
	<u>157</u>	<u>140</u>

### 9 Interest payable and similar expenses

	2019 £000	2018 £000
Interest payable to group undertakings	308	415
Exchange differences on financing transactions	-	17
	<u>308</u>	<u>432</u>

### 10 Taxation

	2019 £000	2018 £000
<b>Current tax</b>		
UK corporation tax on profits for the current year	(164)	340
Adjustments in respect of prior years	157	(33)
	<u>(7)</u>	<u>307</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	760	562
	<u>760</u>	<u>562</u>
<b>Total tax charge</b>	<u>753</u>	<u>869</u>

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Taxation

(Continued)

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

	2019 £000	2018 £000
Profit before taxation	3,906	4,461
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	742	847
Tax effect of expenses that are not deductible in determining taxable profit	24	57
Adjustments in respect of prior years	157	(33)
Amortisation on assets not qualifying for tax allowances	56	56
Other permanent differences	(226)	(58)
Taxation charge for the year	753	869

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019 £000	2018 £000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	44	(734)

The March 2016 Budget Statement announced changes to the UK Corporation Tax regime to reduce the rate of Corporation Tax to 17%. This rate was used to calculate deferred tax in the prior year. The March 2020 Budget Statement announced changes to the UK Corporation Tax regime to maintain the rate of Corporation Tax at 19%.

The company has a £4m bank guarantee in place to cover any liabilities relating to its deferred customs account.

### 11 Dividends

	2019 £000	2018 £000
Interim paid	3,500	-

An interim dividend of £3,500k (2018: £Nil) was paid during the year ended 31 December 2019. The proposed final dividend for the year ended 31 December 2019 is £nil (2018: £nil).

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 12 Intangible assets

	Goodwill £000
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	4,057
<b>Amortisation and impairment</b>	
At 1 January 2019	1,382
Amortisation charged for the year	297
At 31 December 2019	1,679
<b>Carrying amount</b>	
At 31 December 2019	2,378
At 31 December 2018	2,675

### 13 Tangible assets

	Leasehold land and buildings £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
<b>Cost</b>				
At 1 January 2019	1,516	4,839	1,657	8,012
Additions	-	13	51	64
Disposals	(1,516)	(4,852)	(1,122)	(7,490)
At 31 December 2019	-	-	586	586
<b>Depreciation and impairment</b>				
At 1 January 2019	998	3,956	1,213	6,167
Depreciation charged in the year	4	166	166	336
Eliminated in respect of disposals	(1,002)	(4,122)	(1,037)	(6,161)
At 31 December 2019	-	-	342	342
<b>Carrying amount</b>				
At 31 December 2019	-	-	244	244
At 31 December 2018	518	883	444	1,845

During the year there was a significant decrease in tangible assets due to the closure of the Bedford manufacturing facility.

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 14 Stocks

	2019 £000	2018 £000
Raw materials and consumables	592	626
Work in progress	-	523
Finished goods and goods for resale	4,560	5,641
	<u>5,152</u>	<u>6,790</u>

There is no significant difference between the replacement cost of raw materials and consumables, WIP and finished goods and goods for resale and their carrying amounts. Stock are stated after provisions for impairment of £1,047k (2018: £2,200K)

### 15 Debtors

	2019 £000	2018 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	17,699	22,520
Corporation tax recoverable	1,190	193
Amounts owed by group undertakings	15,911	9,078
Other debtors	40	64
Prepayments and accrued income	127	307
	<u>34,967</u>	<u>32,162</u>

Amounts owed by group undertakings are unsecured and repayable on demand. The interest rate charged at 31 December 2019 was 1.4855% (2018: 2.83325%).

Trade debtors are stated after a provision for impairment of £42k (2018: £521k).

### 16 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	2,001	8,740
Amounts owed to group undertakings	21,616	11,282
Taxation and social security	2,975	2,966
Other creditors	2,236	2,879
Accruals and deferred income	2,345	1,704
	<u>31,173</u>	<u>27,571</u>

Amounts owed to group undertakings are unsecured and repayable on demand. The interest rate charged at 31 December 2019 was 1.4855% (2018: 2.83325%).

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 17 Provisions for liabilities

	Notes	2019 £000	2018 £000
Warranty provision		118	197
Restructuring provision		1,039	1,376
		<u>1,157</u>	<u>1,573</u>
Deferred tax liabilities	18	1,241	437
		<u>2,398</u>	<u>2,010</u>

The provision for warranties relates to expected warranty claims on products sold at the balance sheet date. It is expected that the majority of this expenditure will be incurred over the next year.

The restructuring provision relates to the closure of the Bedford manufacturing facility.

Movements on provisions apart from deferred tax liabilities:

	Warranty provision £000	Restructuring provision £000	Total £000
At 1 January 2019	197	1,376	1,573
Additional provisions in the year	118	1,039	1,157
Utilisation of provision	(197)	(1,376)	(1,573)
At 31 December 2019	<u>118</u>	<u>1,039</u>	<u>1,157</u>

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £000	Liabilities 2018 £000
<b>Balances:</b>		
Accelerated capital allowances	(59)	3
Retirement benefit obligations	1,300	434
	<u>1,241</u>	<u>437</u>



# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 18 Deferred taxation (Continued)

	<b>2019</b>
	<b>£000</b>
<b>Movements in the year:</b>	
Liability at 1 January 2019	437
Charge to profit or loss	760
Charge to other comprehensive income	44
	<u>1,241</u>
Liability at 31 December 2019	<u>1,241</u>

Deferred tax liability of £1,300k (2018: £434k) relating to the pension liability (see note 19) is expected to crystallise after more than one year.

### 19 Retirement schemes

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	827	833
	<u>827</u>	<u>833</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.

#### Defined benefit schemes

The company operated a defined benefit scheme for qualifying employees; this scheme was closed to members in 2010, upon which all members were transferred to the defined contribution scheme.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 March 2018 by JLT, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

#### Funding policy

The actuarial valuation as at 31 March 2018 showed a deficit of £5,737,000. The company has agreed with the trustees that it will aim to eliminate the deficit over a period of 10 years from 31 March 2018 by the payment of one contribution of £4.2m on or before 31 March 2019, followed by annual contributions of £207,000 until 31 March 2028. In addition, the company has agreed with the trustees that it will meet expenses of the plan and levies to the Pension Protection Fund.

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 19 Retirement schemes

(Continued)

#### Other information

The English High Court ruling in *Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others* was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods for equalisation. The Trustees of the plan will need to obtain legal advice covering the impact of the ruling on this plan, deciding with the employer on the method to adopt.

The legal advice will need to be consider (amongst other things) the appropriate GMP equalisation solution, whether there should be a time limit on the obligations to make back-payments to members (the 'look-back' period) and the treatment of former members (members who have died without a spouse and members who transferred out for example).

The benefit obligations have been adjusted assuming the following:

- The minimum allowable method will be applied to past and future benefits payments
- There will be no limit on the 'look-back' period for rectification
- No allowance for members who no longer have GMP liabilities within the scheme (members who have died without a spouse and members who have transferred out for example).

The allowance has been estimated based on average impacts for schemes with similar service periods and benefit structures and treated as a plan amendment during the year.

<i>Key assumptions</i>	2019 %	2018 %
Discount rate	2.05	2.80
Expected rate of salary increases	4.24	4.45
Expected rate of return on plan assets	2.05	2.80
Expected return on plan assets at beginning of year	2.80	2.44
RPI	3.24	3.45

#### Mortality assumptions

In valuing the liabilities of the pension fund, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2019 would have increased by £4,173k (2018: £2,185k) before deferred tax.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

	2019 Years	2018 Years
Retiring today		
- Males	21.8	22.0
- Females	23.8	24.0
Retiring in 20 years		
- Males	22.8	23.0
- Females	25.0	25.2

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 19 Retirement schemes

(Continued)

	2019 £000	2018 £000
<i>Amounts recognised in the profit and loss account</i>		
Net interest on net defined benefit asset	(130)	(140)
	<u>          </u>	<u>          </u>
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(14,280)	5,234
Less: calculated interest element	3,131	2,902
	<u>          </u>	<u>          </u>
Return on scheme assets excluding interest income	(11,149)	8,136
Actuarial changes related to obligations	11,193	(3,818)
	<u>          </u>	<u>          </u>
Total loss recognised in OCI	44	4,318
	<u>          </u>	<u>          </u>

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2019 £000	2018 £000
Present value of defined benefit obligations	119,257	109,276
Fair value of plan assets	(126,097)	(111,830)
	<u>          </u>	<u>          </u>
Surplus in scheme	(6,840)	(2,554)
	<u>          </u>	<u>          </u>

	2019 £000	2018 £000
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 1 January 2019	109,276	116,940
Benefits paid	(4,213)	(7,904)
Actuarial (gains) and losses	11,193	(3,818)
Interest cost	3,001	2,762
Gain due to benefit changes	-	1,296
	<u>          </u>	<u>          </u>
At 31 December 2019	119,257	109,276
	<u>          </u>	<u>          </u>

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 19 Retirement schemes

(Continued)

	2019 £000	2018 £000
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 1 January 2019	111,830	120,768
Interest income	3,131	-
Return on plan assets (excluding amounts included in net interest)	11,149	2,902
Benefits paid	(4,213)	(7,904)
Contributions by the employer	4,200	4,200
Actuarial (gains) and losses	-	(8,136)
At 31 December 2019	126,097	111,830
	<u>126,097</u>	<u>111,830</u>
	2019 £000	2018 £000
<i>Fair value of plan assets at the financial year end</i>		
Equity instruments	10,304	9,084
Debt instruments	21,720	20,432
Overseas equities	22,064	17,972
Index linked bonds	23,386	27,433
Corporate bonds	29,664	20,291
Other	18,959	16,618
	<u>126,097</u>	<u>111,830</u>

None of the fair values of the assets shown above include any direct investments in the company's own financial instruments or any property occupied by, or other assets used by the, company.

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio and not on the sum of the returns on individual asset categories.

# DANFOSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 20 Share capital

	2019 £000	2018 £000
Ordinary share capital Issued and fully paid 6,200,000 Ordinary shares of £0.001 each	6,200	6,200

### 21 Operating lease commitments

#### Lessee

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

	2019 £000	2018 £000
Within one year	411	534
Between two and five years	303	789
	714	1,323

### 22 Events after the reporting date

Subsequent to the balance sheet date, as noted in the Strategic Report, the Covid-19 outbreak has developed rapidly into a global pandemic. The principal risks, uncertainties and the impact on going concern have been discussed in detail elsewhere in these financial statements. We have concluded that the outbreak is a non-adjusting event and no assets have been impaired as a result. A few employees were furloughed during May and June 2020 but have now returned to work.

As a result of the Bedford factory closing down in 2019, the Company now purchases all its products from other Danfoss group companies. After the year-end, a significant proportion of the stock held at Bedford was sold to other Danfoss group companies.

### 23 Ultimate controlling party

The company is a subsidiary undertaking of Danfoss A/S which is the immediate and ultimate parent and controlling company incorporated in Denmark.

The largest and smallest group in which the results of the company are consolidated is that headed by Danfoss A/S. The consolidated financial statements of this group are available to the public and may be obtained from Danfoss A/S, 6430 Nordborg, Denmark.