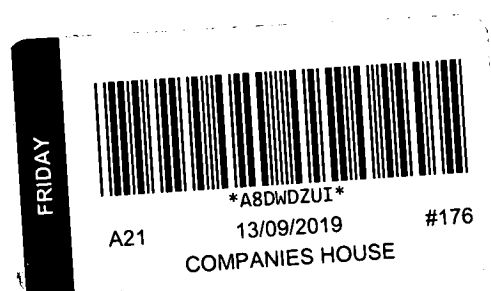


**SENSTRONICS LIMITED**

**Report and Financial Statements**

**31 December 2018**



# **SENSTRONICS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2018**

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# **SENSTRONICS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2018**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

H Obermeier

R E Joyce (Resigned – 24 April 2019)

C Brooks (Appointed – 24 April 2019)

A Junker

C Mulhall

#### **SECRETARY**

Bird & Bird Company Secretaries Limited

#### **REGISTERED OFFICE**

12 New Fetter Lane

London

EC4A 1JP

#### **BANKER**

HSBC plc

49 Corn Street

Bristol

BS99 7PP

#### **SOLICITOR**

Ward Hadaway Solicitors

Sandgate House

102 Quayside

Newcastle Upon Tyne

NE1 3DX

#### **AUDITOR**

KPMG LLP

Quayside House

110 Quayside

Newcastle upon Tyne

NE1 3DX

**STRATEGIC REPORT****PRINCIPAL ACTIVITIES**

The company is principally engaged in the design and manufacture of pressure sensors that are sold through the various sales channels of its parent companies. Key markets for the company include Industrial, Mobile Hydraulics and HVAC/R.

**BUSINESS MODEL**

The aim of the company is to deliver high quality, low cost pressure sensors which add value to the customer and enable its parent companies to compete in global markets.

The company continues to focus on driving lean manufacturing practices utilizing the extensive resources of its parent companies. Critical focus areas are safety, quality, on time delivery and cost reduction. These are market differentiators and are critical to becoming the supplier of choice for customers.

**BUSINESS REVIEW AND RESULTS**

Turnover for the year increased 14.58% to £17,168,491 (2017: £14,983,878). The directors feel that this performance to market continues to demonstrate the broad appeal for the Senstronics pressure transducer line.

Despite increased sales volumes in 2018, profitability declined year over year due to higher production, input and maintenance costs, planned investments in management staffing levels to support the business strategy and unfavorable FX movements.

The company procures 85% of its material needs from low cost regions, primarily China. These purchases are also mainly denominated in US Dollars which the company naturally hedges by invoicing most of its sales in US Dollars.

Source Country	% of Material Purchases
China	69%
Malaysia	16%
Europe (including the UK)	6%
North America	9%

Senstronics strives to be an environmentally friendly manufacturer seeking new ways to reduce energy consumption, decrease the use of consumable materials in the manufacturing process and increase recycling of packaging and other materials.

**KEY PERFORMANCE INDICATORS (KPIs)**

The company sets performance targets in all areas of its business. Performance is measured against a broad range of financial and business metrics. This enables the board of directors to measure year on year progress in the business.

KPIs are measured in safety, quality, yield, on time delivery, procurement costs and variances together with a range of financial performance ratios.

Company financial performance KPI's relating to revenue, EBIT and cash levels were achieved in the year to the satisfaction of the directors.

**FUTURE PROSPECTS**

The directors continue to expect to drive growth organically which will result in higher sales volumes in 2019. New product development will continue to provide increased access to new applications and markets.

**STRATEGIC REPORT**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company manufactures products that are sold into different markets by its parent companies. Competition is robust in these markets where performance, cost and sensor package size are key differentiators. The directors feel that our products are well suited to compete globally. Currency exchange volatility can impact operating results significantly. Senstronics continues to actively manage this risk by creating natural hedges between sales currency denomination and procurement currency denomination. Treasury management is considered to be a high priority and is monitored on an ongoing basis to optimise cash flow to continue to fund both new product development as well as investments in manufacturing capacity where necessary.

**BREXIT**

As the UK Government continues its negotiations, uncertainty remains as to the extent to which our operations and financial performance will be affected in the longer term. We have continued to evaluate and prepare for changes in legislation, trade agreements and working practices to mitigate any potential risk.

Consideration has been given to potential changes in tariffs and at this time it is considered to not have a significant impact on the business.

On behalf of the Board



C Mulhall

Director

Date:

SEPT 5, 2019

12 New Fetter Lane  
London  
EC4A 1JP

# SENSTRONICS LIMITED

## DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditor's report for the company for the year ended 31 December 2018.

### RESULTS AND DIVIDENDS

The company's profit for the financial year was £382,688 (2017: £932,059). The directors do not recommend the payment of a dividend (2017: £nil).

### RESEARCH AND DEVELOPMENT

During the year the company continued its development of high pressure sensors. The associated direct costs amounted to £49,650 (2017: £48,257) and have been charged to the profit and loss account. Continuing investment in Research and Development supports the opening of new market potential which allows Senstronics to maintain its current growth rate.

### GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors have adopted the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note, on page 12 of the financial statements.

### DIRECTORS

The directors who served during the year were as follows:

H Obermeier

R E Joyce (Resigned – 24 April 2019)

C Brooks (Appointed – 24 April 2019)

A Junker

C Mulhall

### DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### AUDITOR

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

On behalf of the Board



C Mulhall

Director

Date:

Sept 5, 2019

12 New Fetter Lane  
London  
EC4A 1JP

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENSTRONICS LIMITED**

### **Opinion**

We have audited the financial statements of Senstronics Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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

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

### **Going concern**

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

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

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

### **Strategic report and directors' report**

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SENSTRONICS LIMITED (CONTINUED)**

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- we have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Nick Plumb (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

Date:

12/09/19

## **SENSTRONICS LIMITED**

### **PROFIT AND LOSS ACCOUNT**

**For the year ended 31 December 2018**

	Note	2018 £000	2017 £000
TURNOVER	2	17,168	14,984
Cost of sales		<u>(12,369)</u>	<u>(10,332)</u>
GROSS PROFIT		4,799	4,652
Distribution costs		(417)	(328)
Administrative expenses		<u>(3,999)</u>	<u>(3,392)</u>
OPERATING PROFIT		383	932
Interest payable and similar charges	5	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		383	932
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>383</u></u>	<u><u>932</u></u>

All of the above comprise continuing operations.

### **STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 December 2018**

During both the current and preceding financial year there has been no income, expenditure, gains and losses other than those recognised in the profit and loss account.

The accompanying notes form an integral part of the financial statements.

# SENSTRONICS LIMITED

Registered number 3504198

## BALANCE SHEET At 31 December 2018

	Note	2018 £000	2017 £000
<b>FIXED ASSETS</b>			
Tangible assets	7	2,389	1,743
		<u>2,389</u>	<u>1,743</u>
<b>CURRENT ASSETS</b>			
Stocks	8	2,460	1,895
Debtors	9	4,316	4,009
Cash at bank and in hand		1,575	2,488
		<u>8,351</u>	<u>8,392</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(3,702)</u>	<u>(3,480)</u>
<b>NET CURRENT ASSETS</b>		<u>4,649</u>	<u>4,912</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,038</u>	<u>6,655</u>
<b>NET ASSETS</b>		<u>7,038</u>	<u>6,655</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	7,733	7,733
Share premium account		14,759	14,759
Other reserves		705	705
Profit and loss account		<u>(16,159)</u>	<u>(16,542)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>7,038</u>	<u>6,655</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

  
C Mulhall  
Director

Sept 5, 2019

The accompanying notes are an integral part of this balance sheet.

**SENSTRONICS LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2018**

	<b>Share Capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2017	7,733	14,759	705	(17,474)	5,723
Profit for the year	-	-	-	932	932
At 1 January 2018	7,733	14,759	705	(16,542)	6,655
Profit for the year	-	-	-	383	383
At 31 December 2018	<u>7,733</u>	<u>14,759</u>	<u>705</u>	<u>(16,159)</u>	<u>7,038</u>

**SENSTRONICS LIMITED****CASH FLOW STATEMENT****Year ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>		
Profit for the year	383	932
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	307	240
Foreign exchange losses	95	18
Taxation	-	-
	<u>785</u>	<u>1,190</u>
 Increase in trade and other debtors	(304)	(535)
Increase in stocks	(565)	(283)
Increase in trade and other creditors	220	1,249
	<u>136</u>	<u>1,621</u>
<b>Net cash from operating activities</b>		
 <b>Cash flows from investing activities</b>		
Acquisition of tangible fixed assets	(953)	(596)
	<u>(953)</u>	<u>(596)</u>
<b>Net cash from investing activities</b>		
 Net increase in cash and cash equivalents	(817)	1,025
Cash and cash equivalents at 1 January	2,488	1,483
Effect of exchange rate fluctuations on cash held	(96)	(20)
	<u>1,575</u>	<u>2,488</u>
<b>Cash and cash equivalents at 31 December</b>		

# **SENSTRONICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

### **1. ACCOUNTING POLICIES**

Senstronics Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, which have been applied consistently throughout the current and prior periods. The particular accounting policies adopted in dealing with items considered material to the financial statements are described below.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2.

The company meets its day to day working capital requirements through cash generated from operations. In addition the company and its immediate parent undertaking, Senstronics Holdings Limited, are the subject of a joint venture agreement under which the participating shareholders have agreed to make additional funds available to the group headed by Senstronics Holdings Limited in the event such funds are required.

The directors believe that the company is well placed to successfully manage its business risks. The risks may include economic conditions that could create an element of uncertainty over demand for the company's products and services. The company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the company is expected to have a sufficient level of financial resources available despite any economic uncertainty that may develop.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Turnover**

Turnover represents the value of sales of high pressure sensors to third parties, net of trade discounts and value added tax. Turnover is recognised when the sensors are despatched to third parties.

#### **Research and development**

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

#### **Tangible fixed assets**

Tangible fixed assets are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account so as to write off the cost of tangible fixed assets to their estimated residual value over their estimated useful economic lives using the straight line method.

The estimated useful economic lives are as follows:

Plant and machinery	3 to 10 years
Fixtures, fittings and office equipment	3 years

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost comprises the purchase cost of raw materials plus all directly related conversion costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

**Basic financial instruments**

*Trade and other debtors / creditors*

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

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

**Operating leases**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

**Pensions**

The company operates an independently administered money purchase (defined contribution) pension scheme for all of its employees. Pension costs are recognised in the profit and loss account as they fall due.

**Taxation**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# SENSTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2018

### 2. SEGMENTAL INFORMATION

	2018 £000	2017 £000
<b>Turnover by geographical market</b>		
United Kingdom	2,269	1,802
Rest of Europe	9,811	8,920
North America	3,934	3,507
China	940	640
Rest of World	214	115
	<u>17,168</u>	<u>14,984</u>

In the opinion of the directors all turnover is attributable to one continuing activity.

### 3. EXPENSES AND AUDITOR'S REMUNERATION

Profit on ordinary activities before taxation is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets - owned	307	240
Operating lease rentals		
- plant and machinery	2	3
- other assets	194	200
Research and development expensed as incurred	50	48
Exchange differences	<u>95</u>	<u>18</u>
 Auditors' remuneration		
- audit	<u>18</u>	<u>18</u>



# SENSTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2018

### 4. STAFF NUMBERS AND COSTS

#### (a) Staff costs

	2018 £000	2017 £000
<b>Staff costs during the year</b>		
Wages and salaries	3,576	2,967
Social security costs	322	257
Other pension costs	207	182
	<u>4,105</u>	<u>3,406</u>

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

	2018 No.	2017 No.
<b>Average numbers of persons employed</b>		
Directors	4	4
Finance and administration	13	11
Operations	123	96
	<u>140</u>	<u>111</u>

#### (b) Directors' emoluments

	2018 £000	2017 £000
Aggregate emoluments in respect of qualifying services	<u>-</u>	<u>-</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £000	2017 £000
Bank interest payable	<u>-</u>	<u>-</u>

# SENSTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### 6. TAXATION

Total tax expense recognised in the profit and loss account

	2018 £000	2017 £000
<i>The tax charge Comprises:</i>		
<b>Current tax - UK</b>		
Corporation tax at the standard rate of 19.00% (2017: 19.25%)	-	-
	<hr/>	<hr/>
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>Taxation charge for the year</b>	-	-
	<hr/>	<hr/>

The differences between the total current tax shown above and the amount calculated by applying the rate of UK corporation tax to the profit before tax are as follows:

#### Reconciliation of effective tax rate

	2018 £000	2017 £000
Profit for the year	383	932
Total tax expense	-	-
	<hr/>	<hr/>
Profit excluding taxation	383	932
UK Corporation tax at the standard rate of 19.00% (2017: 19.25%)	72	179
Expenses not deductible for tax purposes	3	2
Utilisation of previously unrecognised other timing differences	(75)	(181)
	<hr/>	<hr/>
Total taxation charge for the year	-	-
	<hr/>	<hr/>

Factors that may affect the future charges

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19.00% (2017: 19.25%).

At the balance sheet date the company had unutilised trading losses of £8,304,048 (2017: £7,673,709) available to carry forward against future taxable profits.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2018**

**6 TAXATION (CONTINUED)**

The amounts provided for deferred taxation are as follows:

	Recognised		Not Recognised	
	2018	2017	2018	2017
	£000	£000	£000	£000
Fixed Assets	-	-	(387)	(555)
Trade losses	(300)	(300)	(1,112)	(1,004)
Other	-	-	(5)	(12)
	<u>(300)</u>	<u>(300)</u>	<u>(1,504)</u>	<u>(1,571)</u>

Under FRS 102, deferred tax should be measured using the tax rates that are expected to apply to the reversal of the timing differences. As such, deferred tax has been calculated at 17%.

The tax rates to be used are those which have been enacted or substantively enacted by the balance sheet date. For UK tax rates, 'substantively enacted' means that the Act or other measure legislating that rate has passed through all stages of reading by the House of Commons. Finance No.2 Bill 2015 became substantively enacted on 26 October 2015, and as such the tax rate was reduced from 20% to 19% effective 1 April 2017 and to 18% effective 1 April 2020. It was announced in the 2016 Budget that the tax rate will further reduce to 17% from 1 April 2020 and substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

**7. TANGIBLE FIXED ASSETS**

	Plant & equipment	Fixtures, fittings and office equipment	Assets under Construction	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 January 2018	5,618	88	481	6,187
Additions	407	-	546	953
Disposals	-	-	-	-
At 31 December 2018	<u>6,025</u>	<u>88</u>	<u>1,027</u>	<u>7,140</u>
<b>Depreciation</b>				
At 1 January 2018	4,382	62	-	4,444
Charge for the year	284	23	-	307
Disposals	-	-	-	-
At 31 December 2018	<u>4,666</u>	<u>85</u>	<u>-</u>	<u>4,751</u>
<b>Net book value</b>				
At 31 December 2018	<u>1,359</u>	<u>3</u>	<u>1,027</u>	<u>2,389</u>
At 1 January 2018	<u>1,236</u>	<u>26</u>	<u>481</u>	<u>1,743</u>

# SENSTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### 8. STOCKS

	2018	2017
	£000	£000
Raw materials and consumables	1,957	1,546
Work in progress	305	269
Finished goods	198	80
	<u>2,460</u>	<u>1,895</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £9,833,042 (2017: £8,316,025).

### 9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£000	£000
Trade debtors	469	432
Amounts owed by related undertakings	3,359	3,039
Other debtors	-	6
Prepayments and accrued income	188	232
Deferred tax asset (see note 6)	300	300
	<u>4,316</u>	<u>4,009</u>

Bad debt expenses recognised as a charge in the Profit and Loss account of £Nil (2017: £Nil) and the current reserve in the balance sheet is £Nil (2017: £Nil)

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£000	£000
Trade creditors	3,248	2,966
Amounts owed to related undertakings	35	-
Other taxation and social security	82	74
Other creditors	72	160
Accruals and deferred income	265	280
	<u>3,702</u>	<u>3,480</u>

### 11. CALLED UP SHARE CAPITAL

	2018	2017
	£000	£000
<b>Called up, allotted and fully paid</b>		
773,318,391 ordinary shares of £0.01 each	<u>7,733</u>	<u>7,733</u>
	<u>7,733</u>	<u>7,733</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

**12. FINANCIAL COMMITMENTS**

Contracted capital commitments to purchase tangible fixed assets at the end of the financial year for which no provision has been made are £427,656 (2017: £910,974). Capital expenditure authorised but not contracted at the end of the financial year was £226,098 (2017 £171,395).

Total future commitments under non-cancellable operating leases are as follows:

	<b>Land and buildings 2018 £000</b>	<b>Other 2018 £000</b>	<b>Land and buildings 2017 £000</b>	<b>Other 2017 £000</b>
Payments due date				
- within one year	195	33	196	54
- between two and five years	-	15	196	27
- after five years	-	-	-	-
	<u>195</u>	<u>48</u>	<u>392</u>	<u>81</u>

**13. PENSIONS**

The company contributes to an individual money purchase pension scheme for the benefit of the employees. The assets of the scheme are in funds independent from those of the company. The amount outstanding as at 31 December 2018 was £20,763 (2017: £17,493).

**14. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements requires the directors to make certain estimates which can affect the valuation of assets and liabilities and the result for the year. The directors consider the most significant estimate made in the accounts relates to the recognition and estimation of the deferred tax asset in relation to unutilised losses (note 6)

**15. FINANCIAL INSTRUMENTS**

The carrying amounts of the financial assets and liabilities include:

	<b>2018 £'000</b>	<b>2017 £'000</b>
Assets measured at amortised cost	3,828	3,477
Liabilities measured at amortised cost	<u>3,355</u>	<u>3,040</u>

# **SENSTRONICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2018**

### **16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is a 100% subsidiary of Senstronics Holdings Limited, a company incorporated in England and Wales.

The ultimate controlling parties are Danfoss A/S and Fortive Corporation, who each control 50% of the share capital of Senstronics Holdings Limited.

The only group in which the results of the company are consolidated is that headed by Senstronics Holdings Limited. The consolidated financial statements of Senstronics Holdings Limited are available to the public and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

### **17. RELATED PARTY DISCLOSURES**

Included within debtors is £65,040 (2017: £65,040) owed by the immediate parent undertaking, Senstronics Holdings Limited.

Danfoss A/S and Fortive Corporation each control 50% of the share capital of Senstronics Holdings Limited, the company's immediate parent undertaking.

The following related party transactions occurred during the year with companies that are under the control of either Danfoss A/S or Fortive Corporation:

Sales of £2,269,506 (2017: £1,800,783) were made to TGA Industries Limited. At 31 December 2018, a balance of £731,248 (2017: £577,979) was due from TGA Industries Limited.

Sales of £2,737,113 (2017: £2,490,486) were made to Gems Sensors Inc. At 31 December 2018, a balance of £812,655 (2017: £586,067) was owed by Gems Sensors Inc.

Sales of £887,614 (2017: £632,342) were made to Fortive Setra-ICG (Tianjin) Co. Limited. The balance outstanding from Fortive Setra-ICG (Tianjin) Co. Limited at 31 December 2018 was £111,310 (2017: £106,245).

Sales of £200,630 (2017: £102,280) were made to Fortive ICG Japan Co. Limited. The balance outstanding at 31 December 2018 was £29,783 (2017: £6,189).

Sales of £1,181,174 (2017: £991,992) were made to Setra Systems Inc. The balance outstanding at 31 December 2018 was £290,625 (2017: £363,916).

Sales of £9,808,113 (2017: £8,911,169) were made to Danfoss A/S. The balance outstanding at 31 December 2018 was £1,383,266 (2017: £1,398,510).

Sales of £91 (2017: £551) were made to Danfoss (Tianjin) Limited. The balance due from Danfoss (Tianjin) Limited at 31 December 2018 was £80 (2017: £496).

Purchases of £895 (2017: £Nil) were made from Danfoss Limited and a balance of £Nil (2017: £Nil) was owed to Danfoss Limited at 31 December 2018.

Purchases of £Nil (2017: £7,840) were made from Tektronic UK Limited and a balance of £Nil (2017: £Nil) was owed to Tektronic UK Limited at 31 December 2018.

Purchases of £12466 (2017: £Nil) were made from Gems Sensors Inc and a balance of £12457 (2017: £Nil) was owed to Gems Sensors Inc at 31 December 2018.

Purchases of £45037 (2017: £Nil) were made from Setra Systems Inc and a balance of £22851 (2017: £Nil) was owed to Setra Systems Inc at 31 December 2018.

Purchases of £1879 (2017: Nil) were made from West Control Solutions and a balance of £Nil (2017: £Nil) was owed to West Control Solutions at 31 December 2018.

All amounts due to / from the company by related parties at the balance sheet date, as set out above, are included in amounts owed by / to related undertakings in notes 9 and 10 respectively.