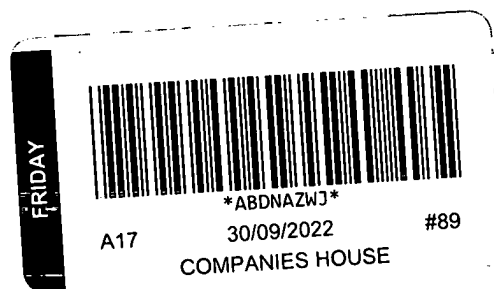


Senstronics Limited

Annual report

31 December 2021



Senstronics Limited

Company information

Directors	Jonathan Baldwin (resigned 25 March 2022) Niels Behrensen Nicholas John Charles Blomfield (resigned 23 April 2021) Bert Labots (appointed 16 March 2021) Scott Lindstedt (appointed 23 April 2021, resigned 2 September 2022) Horst Obermeier (resigned 16 March 2021) Jonathan Martha (appointed 28 March 2022)
Company secretary	Bird & Bird Company Secretaries Limited
Registered number	03504198
Registered office	12 New Fetter Lane London EC4A 1JP
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	HSBC plc 49 Corn Street Bristol BS99 7PP
Solicitors	Ward Hadaway Solicitors Sandgate House 102 Quayside Newcastle Upon Tyne NE1 3DX

Senstronics Limited

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Senstronics Limited**Strategic report
Year ended 31 December 2021**

Principal activities

The company is principally engaged in the design and manufacture of pressure sensors that are sold through 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 utilising 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

Turnover for the year increased by 6.2% to £21,661,822 (2020: £20,395,394). The directors feel that this performance continues to demonstrate the broad appeal for the Senstronics pressure transducer line.

Due to a slightly decreased margin as a result of a rise in costs, profitability before tax decreased year on year to £1,758,518 (2020: £1,794,615).

The company procures 90% 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
Europe	3%
Low cost regions	90%
UK	1%
USA	6%

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.

Covid-19

During the COVID-19 crisis the company has ensured the health and safety of our employees has been met and production has been able to continue. We have monitored any movement in the product demand and have utilised the Government Job Retention Scheme where necessary, adjusting the workforce according to demand.

The full extent to which the COVID-19 pandemic may affect the future results, operations or liquidity remains uncertain, however management have given serious consideration to the consequences of any potential disruption and our robust business model has allowed us to take all appropriate action to steer the company through this difficult period and enable us to continue in a favourable position.

Senstronics Limited**Strategic report (continued)**
Year ended 31 December 2021

Financial key performance indicators

The company sets performance targets in all areas of its business. Performance is measured against a broad range of financial 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 KPI's relating to revenue, EBIT and cash levels were achieved in the year to the satisfaction of the directors. The results of the KPIs are as follows:

	2021	2020
Revenue	£21.7m	£20.4m
EBIT	£1.8m	£1.8m
Cash	£3.6m	£2.6m

The improvement in the sales KPI has been achieved due to increased sales volumes. A slight increase in materials cost has lead to the EBIT level marginally decreasing.

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.

Future developments

The directors continue to expect to drive growth organically, even with the continued challenges of COVID-19 and expect higher sales volumes in 2022 and onwards. New product development will continue to provide increased access to new applications and markets.

Post balance sheet events

There have been no significant events affecting the company since the year end.

This report was approved by the board on 28 September 2022 and signed on its behalf by:

DocuSigned by:



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Niels Behrensen
Director

Senstronics Limited

Directors' report Year ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £1,987,120 (2020 - £1,794,615).

The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

Jonathan Baldwin (resigned 25 March 2022)

Niels Behrensen

Nicholas John Charles Blomfield (resigned 23 April 2021)

Bert Labots (appointed 16 March 2021)

Scott Lindstedt (appointed 23 April 2021, resigned 2 September 2022)

Horst Obermeier (resigned 16 March 2021)

Matters covered in the strategic report

The following information, which would otherwise be disclosed in the directors' report is instead disclosed in the strategic report, as permitted section 414c(11) of the Companies Act 2006:

- future developments
- financial risk management objectives and policies
- post balance sheet events

Disclosure of information to auditor


Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

UNW LLP were appointed as the company's auditor during the year. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 28 September 2022 and signed on its behalf by:

DocuSigned by:

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Niels Behrensen
Director

Senstronics Limited

Directors' responsibilities statement Year ended 31 December 2021

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



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 2021, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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



Independent auditor's report to the members of Senstronics Limited (continued)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the members of Senstronics Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with laws and regulations. We have communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, environmental law, data protection and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Independent auditor's report to the members of Senstronics Limited (continued)

Use of our report

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.

DocuSigned by:

David Redhead

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David Redhead (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

Date: 28 September 2022

Senstronics Limited**Statement of comprehensive income
Year ended 31 December 2021**

		2021	As restated (note 3) 2020 £
	Note		
Profit and loss account			
Turnover	6	21,661,822	20,395,394
Cost of sales		(14,754,302)	(13,804,269)
Gross profit		6,907,520	6,591,125
Distribution costs		(780,646)	(604,721)
Administrative expenses		(4,551,382)	(4,404,539)
Other operating income	7	182,951	212,740
Operating profit	8	1,758,443	1,794,605
Interest receivable and similar income	11	75	10
Profit before tax		1,758,518	1,794,615
Tax on profit	12	228,602	-
Profit for the financial year		1,987,120	1,794,615

There was no other comprehensive income for 2021 (2020: £nil).

The notes on pages 12 to 25 form part of these financial statements.

Senstronics Limited**Balance sheet
At 31 December 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	3,898,593	3,337,454
		<u>3,898,593</u>	<u>3,337,454</u>
Current assets			
Stocks	14	3,197,118	2,902,689
Debtors: amounts falling due within one year	15	4,681,966	4,505,303
Cash at bank and in hand	16	3,637,732	2,565,444
		<u>11,516,816</u>	<u>9,973,436</u>
Creditors: amounts falling due within one year	17	(3,934,610)	(3,817,211)
Net current assets		<u>7,582,206</u>	<u>6,156,225</u>
Total assets less current liabilities		<u>11,480,799</u>	<u>9,493,679</u>
Net assets		<u>11,480,799</u>	<u>9,493,679</u>
Capital and reserves			
Called up share capital	19	7,733,184	7,733,184
Share premium account	20	14,759,472	14,759,472
Other reserves	20	704,757	704,757
Profit and loss account	20	(11,716,614)	(13,703,734)
Total equity		<u>11,480,799</u>	<u>9,493,679</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2022.

DocuSigned by:

Niels Behrensen

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Niels Behrensen
Director

Company registered number: 03504198

The notes on pages 12 to 25 form part of these financial statements.

Senstronics Limited**Statement of changes in equity
Year ended 31 December 2021**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	7,733,184	14,759,472	704,757	(15,498,349)	7,699,064
Profit for the year	-	-	-	1,794,615	1,794,615
At 1 January 2021	7,733,184	14,759,472	704,757	(13,703,734)	9,493,679
Profit for the year	-	-	-	1,987,120	1,987,120
At 31 December 2021	7,733,184	14,759,472	704,757	(11,716,614)	11,480,799

The notes on pages 12 to 25 form part of these financial statements.

Senstronics Limited

Notes to the financial statements Year ended 31 December 2021

1. General information

Senstronics Limited ('the company') is engaged in the design and manufacture of pressure sensors that are sold through the various sales channels of its parent companies. The company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of this annual report.

2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*' ('FRS 102') and the Companies Act 2006.

3. Prior year restatements

The comparative figures have been restated to reclassify employee related expenditure of £90,880 from administrative expenses to cost of sales as the directors consider this better reflects the nature of the costs incurred.

The comparative figures have also been restated to reclassify £117,539 from other creditors to accruals, which the directors consider provides a more accurate presentation.

The above restatements have no effect on either the reported result or net assets for the prior year.

4. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and rounded to the nearest pound.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

4.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemptions relating to certain financial instruments disclosures, disclosure of key management personnel compensation and the preparation of a cash flow statement. The consolidated financial statements of Senstronics Holdings Limited, which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, include the equivalent disclosures and a consolidated cash flow statement.

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021**

4. Accounting policies (continued)**4.3 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. At the year end, the company has £3.6m of cash at bank and in hand and net current assets of £7.6m.

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 directors have prepared forecasts covering at least 12 months from the date of approval of these financial statements which, having regard for reasonably possible changes in trading performance, shows that the company has sufficient financial resources throughout the forecast period to meet its liabilities as they fall due in the normal course of business.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

4.4 Revenue recognition***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.

Government grants

Government grants are recognised on the accruals basis. Grants relating to assets are recognised in the profit and loss account over the expected life of the asset. Other grants are recognised in the profit and loss account over the period in which the related costs are recognised.

4.5 Employee benefits***Short-term benefits***

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

4.6 Foreign currency

The company's functional and presentation currency is the pound sterling. Transactions in foreign currencies are translated into sterling using the foreign exchange rate ruling at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses are recognised in the profit and loss account.

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021**

4. Accounting policies (continued)**4.7 Research and development**

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

4.8 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences arise from the inclusion of transactions and events in the financial statements in periods different from those in which they are assessed for tax.

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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

4.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, other than assets under construction, at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Plant and machinery	-	3 - 10 years straight line
Fixtures, fittings and office equipment	-	3 years straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

4.10 Leases

All of the company's leasing arrangements are operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, 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.

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021**

4. Accounting policies (continued)**4.11 Stocks**

Stocks are stated at lower of cost and net realisable value and held on a first-in first-out (FIFO) basis. 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.

Provisions are made for obsolete, slow-moving or defective items where appropriate.

4.12 Financial instruments***Basic debt instruments***

The company's basic debt instruments, including trade, intercompany and other accounts receivable and payable and cash and bank balances are all due within one year and are measured, initially and subsequently, at the transaction price.

At the end of each reporting period, financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

4.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

5. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments in applying the entity's accounting policies

In preparing these financial statements, the directors do not consider there to have been any significant judgments that were required in the process of applying the company's accounting policies.

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation charges, asset impairments (for example provisions against stock and debtors) and quantification of the recoverable deferred tax asset in respect of unutilised tax losses. None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021****6. Turnover**

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	8,243,816	3,001,952
Europe	9,206,034	11,788,124
Rest of the world	4,211,972	5,605,318
	<u>21,661,822</u>	<u>20,395,394</u>

7. Other operating income

	2021 £	2020 £
R&D expenditure credit	159,812	-
Government grants receivable	8,639	212,740
Sundry income	14,500	-
	<u>182,951</u>	<u>212,740</u>

8. Operating profit

Operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	624,585	559,575
Impairment of tangible fixed assets	189,534	-
Exchange differences	33,564	29,328
Operating lease rentals	185,782	204,374
Research and development expenses as incurred	99,897	161,000

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021****9. Auditor's remuneration**

	2021 £	2020 £
Fees payable to the company's auditor for the audit of the annual financial statements	<u>19,500</u>	<u>27,500</u>

10. Employees

Staff costs, including directors remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	4,066,799	4,182,238
Social security costs	353,449	350,033
Cost of defined contribution pension scheme	205,122	212,501
	<u>4,625,370</u>	<u>4,744,772</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Directors	4	4
Finance and administration	11	11
Operations	127	128
	<u>142</u>	<u>143</u>

The directors of the company are not employed by the company and the costs relating to their services as directors are borne by the company in which they are employed.

11. Interest receivable

	2021 £	2020 £
Interest receivable	<u>75</u>	<u>10</u>

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021****12. Taxation**

	2021 £	2020 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(101,737)	-
Changes to tax rates	(126,865)	-
Total deferred tax	(228,602)	-
Taxation on profit on ordinary activities	(228,602)	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	1,758,518	1,794,615
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	334,118	340,977
Effects of:		
Expenses not deductible for tax purposes	1,451	1,759
Research and development tax credit	(30,364)	-
Recognition of previously unrecognised tax losses	(406,436)	(342,736)
Adjustment in respect of change in tax rates	(126,865)	-
Enhanced capital allowances	(506)	-
Total tax charge for the year	(228,602)	-

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021****12. Taxation (continued)****Factors that may affect future tax charges**

At the balance sheet date, the company had unutilised trading losses of approximately £5,670,000 (2020: £8,058,000) available to carry forward against future taxable profits. The recognition of the deferred tax asset in relation to unutilised tax losses involves estimation, with the directors recognising a deferred tax asset to the extent they consider reasonable based on the timelines of forecast taxable profits against which tax losses will be utilised. As a result, a deferred tax asset has been recognised on £2,967,000 of the unutilised losses (deferred tax thereon of £741,500) with the remaining potential deferred tax asset of £676,000 (£2,703,000 of losses) not been recognised until such time as its recovery can be assessed with reasonable accuracy.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2020:19%). In his budget of 2021, the Chancellor of the Exchequer proposed measures to increase the rate of corporation tax from 1 April 2023 from 19% to 25%. The change had been substantively enacted by the balance sheet date and hence the impact of any resulting changes to the valuation of any deferred tax assets or liabilities is reflected within the financial statements.

13. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Assets under construction £	Total £
Cost				
At 1 January 2021	8,118,026	312,303	584,788	9,015,117
Additions	-	-	1,382,387	1,382,387
Disposals	(438,891)	(44,630)	-	(483,521)
Transfers between classes	655,745	7,880	(663,625)	-
At 31 December 2021	<u>8,334,880</u>	<u>275,553</u>	<u>1,303,550</u>	<u>9,913,983</u>
Depreciation				
At 1 January 2021	5,538,968	138,695	-	5,677,663
Charge for the year	560,197	64,388	-	624,585
Disposals	(431,762)	(44,630)	-	(476,392)
Impairment charge	-	-	189,534	189,534
At 31 December 2021	<u>5,667,403</u>	<u>158,453</u>	<u>189,534</u>	<u>6,015,390</u>
Net book value				
At 31 December 2021	<u>2,667,477</u>	<u>117,100</u>	<u>1,114,016</u>	<u>3,898,593</u>
At 31 December 2020	<u>2,579,058</u>	<u>173,608</u>	<u>584,788</u>	<u>3,337,454</u>

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021****14. Stocks**

	2021 £	2020 £
Raw materials	2,799,598	2,330,155
Work in progress	229,841	389,827
Finished goods	167,679	182,707
	<u>3,197,118</u>	<u>2,902,689</u>

Stocks are stated after provisions for impairment of £104,095 (2020: £223,648). The impairment charge for stock which is included in cost of sales totals £79,220 (2020: £107,667).

15. Debtors

	2021 £	2020 £
Trade debtors	393,095	361,777
Amounts owed by group undertakings	65,040	65,040
Amounts owed by related undertakings (see note 24)	3,309,170	3,599,924
Other debtors	121,708	-
Prepayments and accrued income	264,351	178,562
Deferred taxation (see note 18)	528,602	300,000
	<u>4,681,966</u>	<u>4,505,303</u>

Trade debtors are stated after provisions for impairment of £nil (2020: £nil). The impairment charge for the year, included within administrative costs totalled £70 (2020: £101).

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>3,637,732</u>	<u>2,565,444</u>

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021****17. Creditors: Amounts falling due within one year**

	2021 £	As restated 2020 £
Trade creditors	3,087,478	3,221,607
Amounts owed to related undertakings (see note 24)	24,071	55,100
Other taxation and social security	95,598	94,298
Other creditors	23,942	27,665
Accruals and deferred income	703,521	418,541
	<u>3,934,610</u>	<u>3,817,211</u>

The comparative figures have been restated to reclassify £117,539 from other creditors to accruals, which the directors consider provides a more accurate presentation. This restatement has no impact on total creditors, net assets nor profit for the financial year, as previously reported.

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021****18. Deferred taxation**

	2021 £
At beginning of year	300,000
Credited to profit or loss	228,602
At end of year (included in debtors)	528,602

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(222,420)	(9,000)
Tax losses carried forward	741,500	302,000
Other short term timing differences	9,522	7,000
	528,602	300,000

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
773,318,391 (2020 - 773,318,391) Ordinary shares of £0.01 each	7,733,184	7,733,184

There is a single class of ordinary shares in issue. There are no restrictions to the distribution of dividends or the repayment of capital.

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021****20. Reserves****Share premium account**

The share premium account represents the premium arising on the issue of shares classified as equity, net of issue costs.

Other reserves

Other reserves comprise of a capital contribution from the shareholders in the year ended 31 December 2008.

Profit and loss account

The profit and loss account reserve represents cumulative profits and losses, net of dividends and other adjustments.

21. Capital commitments

Contracted capital commitments to purchase tangible fixed assets at the end of the financial year for which no provision has been made are £521,323 (2020: £442,834). Capital expenditure authorised but not contracted at the end of the financial year was £70,064 (2020: £65,635).

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £205,122 (2020: £212,501). £23,942 (2020: £23,132) was payable to the funds at the balance sheet date and is included within creditors.

23. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	215,724	225,000
Later than 1 year and not later than 5 years	409,448	869,000
	<u>625,172</u>	<u>1,094,000</u>

Senstronics Limited**Notes to the financial statements
Year ended 31 December 2021****24. Related party transactions**

The company is exempt from disclosing related party transactions with wholly owned members within the group.

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

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

	Revenue £	Expenses £	Debtors £	Creditors £
2021				
Danfoss A/S	10,928,145	173,208	1,396,256	24,071
Danfoss Limited	645,075	8,633	104,655	-
Danfoss Sensors GmbH	1,153,754	-	203,446	-
Danfoss (Tianjin) Limited	414	-	-	-
Fortive ICG Japan Co. Limited	310,406	-	17,064	-
Fortive Setra-ICG (Tianjin) Co. Limited	1,593,247	-	313,177	-
Gems Sensors Inc	3,141,929	-	528,748	-
Setra Systems Inc	995,186	-	147,881	-
Tektronix UK Limited	-	99,292	-	-
TGA Industries Limited	2,825,681	-	597,943	-
West Control Solutions	1,720	7,428	-	-
	21,595,557	288,561	3,309,170	24,071

	Revenue £	Expenses £	Debtors £	Creditors £
2021				
Danfoss A/S	11,280,751	202,310	2,117,612	54,133
Danfoss Limited	-	8,056	78,337	967
Danfoss Sensors GmbH	476,581	-	-	-
Danfoss (Tianjin) Limited	451	-	-	-
Fortive ICG Japan Co. Limited	304,019	-	79,381	-
Fortive Setra-ICG (Tianjin) Co. Limited	1,296,472	-	217,003	-
Gems Sensors Inc	2,979,671	-	411,981	-
Gems Sensors (A division of TGA Industries Limited)	-	9,000	-	-
Setra Systems Inc	954,134	-	217,451	-
Tektronix UK Limited	-	9,304	-	-
TGA Industries Limited	2,578,861	-	478,159	-
West Control Solutions	-	52,150	-	-
	19,870,940	280,820	3,599,924	55,100

Senstronics Limited

Notes to the financial statements Year ended 31 December 2021

25. 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 statement of Senstronics Holdings Limited are available to the public and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.