Endress + Hauser Limited

Annual report and financial statements

for the year ended 31 December 2022

Registered Number 00942157

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Endress + Hauser Limited

Annual report and financial statements

for the year ended 31 December 2022

Contents

Endress + Hauser Limited

Directors and advisers for the year ended 31 December 2022

Directors
Mr S Endress
Mr R Stone
Mr I Cropper
Mr D Ineson

Company secretary and registered office
Mr J H Langford
Floats Road
Manchester
M23 9NF

Independent auditors
BDO LLP
Chartered Accountants and Statutory Auditors
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Bankers
Lloyds Bank Plc
223 Finney Lane
Heald Green
Cheadle
Cheshire
SK8 3PY

Lawyers
Davis Blank Furniss
90 Deansgate
Manchester
M3 2QJ

Registered Number 00942157

Endress + Hauser Limited

Strategic report for the year ended 31 December 2022

The directors present their strategic report on the company for the year ended 31 December 2022.

Principal activities
The company's principal activities continue to be the design, manufacture, supply, installation and servicing of electronic process control systems and equipment.

Review of the business
The results for the year show a profit before taxation of £2,553,512 (2021: £2,718,715). The company saw further Sales growth in 2022 with a broad-based growth across product groups and industries. Overall Sales increased by 10.8% to £52,985,418. Operating Profit decreased by 6.2 % to £2,549,549 due to a combination of lower gross margin (due to change in product mix) and higher overhead costs. The balance sheet remains strong with an equity ratio of 72.5%. (Total Shareholder Funds' as a percentage of Total Assets). The company has net assets of £17,494,169 as at 31 December 2022 (2021: £17,631,035)

Principal risks and uncertainties
The key business risks affecting the company are considered to relate to the macro-economic environment, competition, foreign exchange rates and availability of key skills as further explained below.

Availability of Key Skills
The success of our business depends on recruiting and retaining talent. We strive to be a responsible employer and continuously review pay and benefits and aim always to provide a safe working environment. Development is important to us, and we encourage our people to be ambitious and seek investment from us in their careers. The company has an apprenticeship and graduate training programme for engineering roles.

Financial risk management
The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, price risk, credit risk, liquidity risk and interest rate risk.

Price risk
The company continually monitors how prices are moving in the process automation market. Pricing management is considered in the light of general economic and specific market conditions.

Strategic report for the year ended 31 December 2022 (continued)

Financial risk management (continued)

Foreign exchange risk

The company is exposed to foreign exchange risk as a result of its Import and export operations. Forward exchange hedging is adopted to minimise risk.

Credit risk

The company has implemented policies that require appropriate credit checks are conducted on all new and existing customers. Factors considered by credit control include external financial reports and payment history.

Liquidity risk

The company manages and uses its working capital to ensure that it has sufficient funds for ongoing operations and future investments.

Interest rate risk

The directors do not believe this constitutes a significant risk to the business.

Future developments

The external commercial environment is expected to continue to remain competitive. The directors have confidence that the company will continue to increase its product market and customer base. The directors are confident of continued Sales growth for 2023.

Key performance indicators ("KPIs")

The directors monitor progress on the company's strategy by reference to certain KPIs as follows:

	2022	2021	
	%	%	
Sales increase	**10.8**	8.4	Year on year sales growth expressed as a percentage Broad based growth across all product groups and industries
Operating profit	**4.8**	5.7	Operating profit expressed as a percentage of sales Fall in margin due to change in product mix and increase in overhead costs
Return on net assets	**14.6**	15.4	Operating profit expressed as a percentage of net assets

The directors consider financial KPI's as the key metric in assessing the performance of Endress+Hauser Ltd.

Endress + Hauser Limited

Strategic report for the year ended 31 December 2022 (continued)

Section 172(1) Statement

In July 2018, the revised UK Corporate Governance Code ('2018 Code') was published. It applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company each year.

The Board of Endress+Hauser Limited ('EHL') has considered the direction of the UK Financial Reporting Council (the 'FRC') in producing previous S172 statements. The aim of this statement is to provide an update as to how the Board have continued to engage with shareholders, employees, suppliers, customers, and wider society. In doing so, the Board recognises the requirement to consider employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of the principal strategic decisions taken by the company during the financial year.

The statement focuses on matters of strategic importance to EHL (that are appropriately informed by s172 factors) and the level of information disclosed is consistent with the size and the complexity of EHL.

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, is most likely to promote the success of the Company for the benefit of its shareholders.

The Endress+Hauser Group is privately owned by the Endress family. This ensures ongoing, transparent, and consistent communication with our shareholders. The Board of EHL have a clear understanding of the values, ambitions, and culture our shareholders prioritise.

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors understand we are operating in a volatile and dynamic environment. A full PESTLE analysis is carried out in preparation for each financial year. In line with our Group strategy, the Board intends to strengthen our position as a provider of services and solutions as well as products whilst growing its product market and customer base. In 2022, the Group strategy to take us to 2027 was published with the aim of providing long term clarity and stability to EHL and the wider Group.

The Board took steps early on to mitigate the potential impact of the UK leaving the European Union. Amongst other things, we benefit from being part of a large global group with vast experience of international trade. We were well prepared for the post-Brexit period by ensuring that we obtained accreditation as an Authorized Economic Operation (AEO F Full) effective from 5 February 2020.

As the impact of the COVID-19 pandemic begins to reduce, 2022 saw the challenges of high inflation, rising interest rates and the attendant cost of living crisis take its place. As a result, the Directors acknowledge the significant social, economic, and political disruption throughout 2022 and likely into 2023.

S172(1) (B) "The interests of the company's employees"

The Board continues to recognise that our employees remain our greatest asset and have a fundamental role to play in achieving our strategic ambitions. The success of our business depends on recruiting and retaining talent. We strive to be a responsible employer and continuously review pay and benefits and aim always to provide a safe working environment. Development is important to us and we encourage our people to be ambitious and seek investment from us in their careers.

Strategic report for the year ended 31 December 2022 (continued)

Section 172(1) Statement (continued)
2023 will see the introduction of a new global incentive framework that will see all of our people incentivised on global and local performance. The Board also took the decision to award higher than usual salary rises as a result of the 2022 performance to help our colleagues manage the rising cost of living.

Wellbeing remains a real focus. We continue to provide an employee assistance programme. This provides our employees and their families access to a range of support services from counselling to financial and legal advice. We continue to provide a heavily subsidised gym membership and free of charge health screening. The Board recognise that a hybrid approach to working practices has benefits for both our business, customers and our people and this flexibility remains in place. In addition, significant investment was made in an office refurbishment with the aim of designing and welcoming and collaborative place to work.

Employees are regularly updated on matters affecting the business via a wide range of mediums. Perhaps more than ever, we encourage our colleagues to give feedback on decisions taken by the Board and look to recognise achievements as much as possible. A formal employee feedback programme has been introduced to bolster this commitment.

It is the company's policy to provide equal opportunity for employees or applicants for employment irrespective of colour, race, nationality, sexual orientation, ethnic origin, gender, or marital status. This is explicitly stated in our Code of Conduct.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"
Delivering our strategy requires strong mutually beneficial relationships with suppliers and customers. There is a high level of vertical integration in the group which means approximately 90% of our supplies are intra-group. We promote certain general principles in our third-party relationships such ethical business practices and complete adherence to laws and regulations. We have an approved supplier process which is used to ensure the integrity of our supply chain and ensure we can build partnerships with customers and suppliers.

We have a commitment to an "outside in" focus and welcome feedback from customers, competitors, and suppliers. We have an established track record of working with others, such as industry and trade groups, schools and colleges, charities, and our competitors. We believe that working with others and sharing knowledge helps us improve as a business.

S172(1) (D) "The impact of the company's operations on the community and the environment"
The idea of sustainability is deeply rooted in the culture of our family-owned business. We aim to align economic success with ecological and social responsibility. The group produces an annual sustainability report which is intended to help us make further progress along this path. We have appointed a "green" working team, look to reduce our net carbon footprint where possible and actively recycle in a responsible and consistent way. We are also actively migrating many company car drivers to electronic vehicles to further reduce our carbon footprint.

We are engaged with various charitable local initiatives. Our involvement ranges from financial support, mentoring initiatives for young people and fund-raising activities. Where possible, we look to engage with our local community as a priority.

In 2021, The Endress+Hauser Group was identified by EcoVadis as 'Platinum' regarding our approach to corporate social responsibility development. Endress+Hauser is among the top one percent of all suppliers assessed by EcoVadis in the corresponding comparison group.

Strategic report for the year ended 31 December 2022 (continued)

Section 172(1) Statement (continued)

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"
Endress+Hauser is guided by a robust and principled Code of Conduct that sets out the ethical, moral, and legal standards we strive to meet whilst acting in way the Directors consider to be economically, environmentally and socially responsible.

We have a zero-tolerance approach to modern slavery, anti-bribery and corruption and discrimination. We make sure that any activities within our sphere of influence do not negatively impact fundamental human rights as set out by the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises the core conventions of the labour standards of the International Labour Organization as well as the United Nations Guiding Principles on Business and Human Rights, Sustainability and Environment

S172(1) (F) "The need to act fairly as between members of the company"
As set out above, as a privately-owned Group, the Directors seek to deliver on long-term strategy whilst taking into consideration the fair impact on our members. We benefit from a close relationship with our shareholders and consider this relationship to be a unique strength of our business.

Streamlined Energy Carbon Reporting

In line with the Strategic Report and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 our energy use and greenhouse gas (GHG) emissions are set out below.

The data relates to UK emissions for the 12-month period from 1 January 2022 to 31 December 2022.

Scope 1 emissions include emissions from activities owned or controlled by Endress+Hauser Ltd that release direct carbon emissions into the atmosphere. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, fuel burned in company owned/leased vehicles.

Scope 2 emissions include emissions released into the atmosphere associated with Endress+Hauser Ltd's consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of the company's activities, but which occur at sources Endress+Hauser Ltd do not own or control.

Scope 3 emissions are emissions that are a consequence the actions of the company, which occur at sources which Endress+Hauser Ltd do not own or control and which are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by the company, waste disposal which is not owned or controlled, or purchased materials.

Endress+Hauser Limited Energy Use and Associated Greenhouse Gas Emissions

Energy consumption (kWh)	2022	2021
Gas	515,275	523,123
Electricity (Purchased)	255,539	247,774
Transport Fuel and Mileage Claims	789,448	668,078
Total Energy consumption	**1,560,262**	**1,438,975 kWh**
GHG Emissions (tCO2e)		
Emissions from combustion of gas	104tCO2e	106 tCO2e

Strategic report for the year ended 31 December 2022 (continued)

Streamlined Energy Carbon Reporting (continued)

(Scope 1)		
Emissions from combustion of fuel for the purposes of transport (Scope 1)	202 tCO2e	168 tCO2e
Emissions from purchased electricity (Scope 2)	49 tCO2e	53 tCO2e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	NA	NA
Total gross emissions	**355 tCO2e**	**327 tCO2e**
Emissions per £m turnover	**6.7 tCO2e/ £m turnover**	**6.8 tCO2e / £m turnover**
Total Gross Scope 1, Scope 2 market based & Scope 3 emissions (tCO2e) optional	**306 tCO2e**	**274 tCO2e**

Quantification and Reporting Methodology:
We report our emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). The 2021 UK Government GHG Conversion Factors for Company Reporting published by the UK Department for Environment Food & Rural Affairs (DEFRA) are used to convert energy use in our operations to emissions of CO2e. Carbon emission factors for purchased electricity calculated according to the 'location-based grid average' method. This reflects the average emission of the grid where the energy consumption occurs. We purchase 100% renewable energy and have included an additional figure calculated using market-based factors to account for this in our report above. Data sources include billing, invoices and the Group's internal systems. For transport data where actual usage data (e.g., litres) was unavailable conversions were made using average fuel consumption factors to estimate the usage.

Intensity Ratio
We have chosen to report our gross emissions against £m Turnover.

Energy Efficiency Action:
Endress and Hauser Ltd continue to replace old lighting and equipment with new energy efficient or LED alternatives. During FYE 2022 we replaced two compressors with variable speed drive models with increased energy efficiency. We continue to renew our company vehicles moving away from diesel and toward full electric and hybrid models. To facilitate this transition, we are looking to install EV charge points in FYE 2023.

By order of the Board

Mr J H Langford
Company secretary

Date 13 June 2023

Endress + Hauser Limited

Directors' report for the year ended 31 December 2022

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

Future developments
Future developments are detailed in the strategic report on page 3.

Results and dividends
The profit for the financial year is £2,013,134 (2021: £2,156,964). A dividend of £13.44 (2021: £13.69) per share amounting to £2,150,000 (2021: £2,190,000) has been paid in the year. Based on the 2022 results, a dividend of £12.50 (2021: £13.44) per ordinary share amounting to £2,000,000 (2021: £2,150,000) is proposed and, if approved, will be paid by 30 September 2023. The board monitors performance by reference to certain KPI's as detailed in the Strategic Report on page 3.

Going concern
As at 31 December 2022 the Company had net assets of £17,494,169 (2021: £17,631,035) and has a net current asset position of £12,711,883 (2021: £12,517,065). The company is financed through it's own cashflows. As at 31 December 2022, the Company had Cash & Cash equivalents of £4,561,645 (2021: £4,490,583). The company has access to Group funding on request. The company is in a Net current asset position, is profitable and cash generative, therefore the Directors have a reasonable and proper expectation that the Company will continue to have adequate resources and be self-financing for the foreseeable future.

The directors have prepared robust stress testing cash flow forecasts for a period up to June 2024. These have demonstrated that the Company will be able to meet liabilities as they fall due, and therefore these financial statements have been prepared on a going concern basis. The company fully complies with the sanctions in force with Russia. The group does not have a production facility in Russia. There were no Net sales to Russia and Ukraine in 2022.

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

Mr I Cropper
Mr S Endress (resigned 2 May 2023)
Mr D Ineson
Mr R Stone
Mr C Gibson (appointed 3 April 2023)
Mr S Sherburn (appointed 3 April 2023)

Stakeholder Engagement Statement
The S172 statement published by Endress+Hauser Limited ('EHL') sets out in detail how the Board have engaged with stakeholders including shareholders, employees, suppliers, customers and community.
The diverse nature of our business, and our presence in a wide variety of sectors, from oil and gas to food and beverage means that ongoing dialogue with a wide group of stakeholders including customers, local community, suppliers, employees and shareholders is vital to us. This commitment to ongoing engagement means the views of our stakeholders can be considered before our Board makes key strategic decisions.

Our Customers
Delivering exceptional customer service is fundamental to our business and our customers are at the heart of everything we do. We consistently seek feedback in a variety of formats from our customers to improve the ways we can work collaboratively. We seek to build lasting relationships with our customers and value an outside in approach.

Directors' report for the year ended 31 December 2022 (continued)

Stakeholder Engagement Statement (continued)

Our Community
We are invested in contributing to the communities we operate in. We are actively involved in various charitable local initiatives. Our involvement ranges from financial support, mentoring initiatives for young people and fund-raising activities. Where possible, we look to engage with our local community as a priority.

Our Suppliers
We maintain a continuous dialogue with our suppliers through our approved supplier process. We have high standards and take steps to ensure compliance with anti-bribery, modern slavery and diversity and inclusion best practices via our supply chain. We are committed to treating our suppliers fairly and we are proud of our payment practices. We regularly invite feedback from suppliers, provide training and development where appropriate.

Our People
Our S172 statement sets out in detail how important our people are to our business. They are our greatest asset and we understand recruiting and retaining talent is fundamental to achieving our strategic ambitions. We continuously review pay and benefits and aim always to provide a safe working environment.

Wellbeing is a real focus and we provide an employee assistance programme giving our people and their families access to an external support service covering issues such as mental health and legal advice, subsidised gym membership and health screening. We provide numerous forums for feedback and deliver a consistent message of empowerment.

It is the company's policy to provide equal opportunity for employees or applicants for employment irrespective of colour, race, nationality, ethnic origin, sex or marital status.

Our Shareholders
Finally, our relationships with our shareholders is as important as ever. We are proud that we remain family owned and believe this provides us with the unique culture we enjoy. We benefit from a close relationship with our shareholders and understand their own vision for the future of our organisation in detail.

Directors' indemnities
The company maintains liability insurance for its directors and officers. The company has also provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. It was in force during the financial year and at the time of signing these financial statements.

Employees
Employees are regularly updated on matters affecting their relationship to the company. This includes but is not restricted to, new legislation and economic factors affecting the company's performance.

It is the company's policy to provide equal opportunity for employees or applicants for employment irrespective of colour, race, nationality, ethnic origin, sex or marital status.

It is also the policy of the company to give full and fair consideration to employment applications made by disabled persons, having regard to their particular aptitudes and abilities, and to continue where possible the employment of, and to arrange appropriate training for employees who become disabled while employed by the company

Directors' report for the year ended 31 December 2022 (continued)

Research and development
The company has dedicated in-house software and engineering design development engineers with primary focus on the development of bespoke engineering solutions for customers. Costs relating to development are re-charged to customers' in-line with agreed contractual terms.

Required disclosures incorporated by cross reference
Required disclosures on the Company's performance and position, financial risk management, principal risks and uncertainties and KPIs are included in the Strategic Report and are incorporated into this report by cross reference.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, 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.

Endress + Hauser Limited

Directors' report for the year ended 31 December 2022 (continued)

Independent auditors

The auditors BDO have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

Mr J H Langford
Company secretary

Registered Number 00942157

Independent Auditor's report to the members of Endress+Hauser Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements
In our opinion the financial statements:

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

We have audited the financial statements of Endress + Hauser Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of income and retained earnings for the year, Balance Sheet as at 31 December 2022 and notes to the financial statements, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDRESS + HAUSER LIMITD (CONTINUED)
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Companies Act 2006 reporting
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.

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 Responsibilities of Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. There included but were not limited to those that relate to the form and content of the financial statements, such as the Company accounting policies, 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) and the UK Companies Act 2006; the taxation legislation; those that relate to the payment of employees; and industry related such as compliance with health and safety legislation. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDRESS + HAUSER LIMITD (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates, unsettled revenue transactions at year end as well as inappropriate revenue cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates particularly in relation to the appropriateness of the use of the going concern assumption, the provision against bad and doubtful debts and stock provisioning;
- Identifying and testing journal entries, in particular review of manual journal entries posted to revenue and cash accounts, journals posted to the least used accounts, journals posted by specific user, journals posted on the weekends and journals including specific keywords;
- Testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period;
- Testing a sample of revenue transactions which remained unsettled at year end;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Review of minutes of Board meetings throughout the period.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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:
Steven Roberts
49BD0A55E7C14AD...

Steven Roberts (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
3 Hardman Street
Spinningfields
Manchester
M3 3AT
United Kingdom

Date: 13 June 2023

Endress + Hauser Limited

Statement of income and retained earnings for the year ended 31 December 2022

	Note	2022	2021
		£	£
Turnover	1	**52,985,418**	47,824,534
Cost of sales		**(38,370,867)**	(33,918,474)
Gross profit		**14,614,551**	13,906,060
Distribution costs		**(8,537,048)**	(7,915,304)
Administrative expenses		**(3,585,956)**	(3,271,440)
Other operating income		**58,002**	-
Operating profit	2	**2,549,549**	2,719,316
Interest receivable and similar income	4	**6,532**	2,072
Interest payable and similar expenses	5	**(2,569)**	(2,673)
Profit before taxation		**2,553,512**	2,718,715
Tax on profit	6	**(540,378)**	(561,751)
Profit for the financial year		**2,013,134**	2,156,964
Retained earnings at 1 January		**17,471,035**	17,504,071
Profit for the financial year		**2,013,134**	2,156,964
Dividends paid	7	**(2,150,000)**	(2,190,000)
Retained earnings at 31 December		**17,334,169**	17,471,035

There is no comprehensive income in the years ended 31 December 2021 and 31 December 2022, other than the profits for the respective financial years. Accordingly, a separate statement of comprehensive income has not been presented.

The notes on pages 17 to 38 form an integral part of these financial statements.

Endress + Hauser Limited

Balance sheet as at 31 December 2022

	Note	2022	2021
		£	£
Fixed assets			
Intangible assets	8	**2,337**	6,658
Tangible assets	9	**5,550,657**	5,554,269
		5,552,994	5,560,927
Current assets			
Stocks	10	**2,763,647**	3,270,791
Debtors	11	**11,246,912**	10,600,675
Cash and cash equivalents		**4,561,645**	4,490,583
		18,572,204	18,362,049
Creditors: amounts falling due within one year	12	**(5,860,321)**	(5,844,984)
Net current assets		**12,711,883**	12,517,065
Total assets less current liabilities		**18,264,877**	18,077,992
Creditors: amounts falling due after more than one year	13	**(121,299)**	-
Provisions for liabilities	15	**(649,409)**	(446,957)
Net assets		**17,494,169**	17,631,035
Capital and reserves			
Called up share capital	17	**160,000**	160,000
Retained earnings		**17,334,169**	17,471,035
Total shareholders' funds		**17,494,169**	17,631,035

The statement of accounting policies and notes on pages 17 to 38 form an integral part of these financial statements.

The financial statements on pages 15 to 38 were approved by the Board on 13 June 2023 and signed on its behalf by:

Mr I Cropper

Director

Endress + Hauser Limited

Registered number 00942157

Endress + Hauser Limited

Statement of accounting policies

General Information
Endress+Hauser Limited ('the company') designs, manufactures, supplies, installs and services electronic process control systems and equipment.

The company is a private company limited by shares and incorporated and domiciled in the UK. The address of its registered office is Floats Road, Manchester, M23 9NF.

Statement of compliance
The individual financial statements of Endress+Hauser Limited have been prepared in compliance 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.

Summary of significant 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 years presented, unless otherwise stated.

Basis of preparation
These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

As at 31 December 2022 the Company had net assets of £17,494,169 (2021: £17,631,035) and has a net current asset position of £12,711,883 (2021: £12,517,065). The company is financed through it's own cashflows. As at 31 December 2022, the Company had Cash & Cash equivalents of £4,561,645 (2021: £4,490,583). The company has access to Group funding on request. The company is in a Net current asset position, is profitable and cash generative, therefore the Directors have a reasonable and proper expectation that the Company will continue to have adequate resources and be self-financing for the foreseeable future. The directors have prepared robust stress testing cash flow forecasts for a period up to June 2024. These have demonstrated that the Company will be able to meet liabilities as they fall due, and therefore these financial statements have been prepared on a going concern basis.
The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on page 24.

Endress + Hauser Limited

Statement of accounting policies (continued)

Exemptions for qualifying entities under FRS 102
The company is a wholly owned subsidiary of Endress+Hauser Management AG. It is included in the consolidated financial statements of the ultimate parent company. Endress+Hauser AG which are publicly available. (see note 21)

Consequently the company is a qualifying entity as per FRS 100 and has taken advantage of the disclosure exemptions of FRS 102, Section 1, paragraph 1.12(a) reconciliation of the number of shares outstanding at the beginning and end of the period, 1.12(b) statement of cash flows, 1.12(c) financial instruments, 1.12(d) certain share based payments disclosures and 1.12(e) key management compensation in total. The Company's shareholders have been notified of the exemptions being applied and the Company's shareholders have not objected to the application of these exemptions.

Foreign Currency
(i) Functional and presentation currency
The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings.

Turnover
Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the amount of turnover can be measured reliably and (c) it is probable that future economic benefits will flow to the entity.

Sales of goods are recognised on delivery to the customer or when collected by the customer. Sales are normally made with credit terms of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of turnover.

The company sells a variety of services such as Maintenance services of Field Instrumentation, Calibration and commissioning services, Reactive services and Engineering Services for process automation. Turnover is recognised in the accounting period in which the services are rendered when the outcome of the contract can be estimated reliably.

Endress + Hauser Limited

Statement of accounting policies (continued)

Interest Income
Interest income is recognised using the effective interest rate method.

Employee benefits
The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) 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.

(ii) Defined contribution pension plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of income and retained earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when 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 tax rates and laws that have been enacted or substantially enacted by the period end and that are expected to apply to the reversal of the timing difference. Deferred tax is measured on an undiscounted basis.

Statement of accounting policies (continued)

Tangible assets and depreciation
Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Freehold buildings	- over 40 years
Plant and equipment	- over 4 to 10 years
Furniture, fixtures and fittings	- over 4 to 10 years
Computer and electronic equipment	- over 5 years
Motor vehicles	- over 4 years

Depreciation is included in costs of sales, distribution costs and administrative expenses in the Statement of income and retained earnings.

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

Repairs, maintenance and minor inspection costs are expensed as incurred.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of income and retained earnings.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Intangible assets
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follow:

- Software - over 5 years

Amortisation is included in costs of sales, distribution costs and administrative expenses in the Statement of income and retained earnings.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Statement of accounting policies (continued)

Leased Assets
At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the sum of digits method.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the period of the lease.

Stock
Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Stock is recognised as an expense in the period in which the related turnover is recognised.

In general, cost is determined on an average purchase cost basis. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions and contingencies
Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item in the same class of obligations may be small.

Statement of accounting policies (continued)

Warranties

Provision is made for the expected cost of maintenance under warranty obligations and other work in respect of products delivered and invoiced. The provision is undiscounted as the time value of money is not considered to have a material impact.

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments
The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in Statement of income and retained earnings.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of income and retained earnings

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of income and retained earnings, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Statement of accounting policies (continued)

Financial instruments (continued)
(ii) Financial liabilities

Basic financial liabilities including trade and other creditors and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Derivatives, including forward foreign exchange contracts are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of income and retained earnings in Cost of sales.

The company does not currently apply hedge accounting for foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of income and retained earnings.

Statement of accounting policies (continued)

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the tangible assets.

(ii) Stock provisioning

The company holds stock for resale, for service, commissioning and repairs and raw materials for the assembly of bespoke temperature products. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. The inventory provision for goods purchased from sister companies is calculated on a line-by-line basis using the stock reach criterion and takes also slow moving and specific cases into consideration. See note 10 for the net carrying amount of the inventory and associated provision. Provision is made for obsolete, defective and slow-moving stock.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade debtors and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Notes to the financial statements for the year ended 31 December 2022

1 Turnover

A geographical analysis of turnover by destination is given below:

	2022	2021
	£	£
United Kingdom	49,531,710	45,863,691
Europe	3,130,381	1,776,539
United States of America	-	1,701
Rest of the world	323,327	182,603
	52,985,418	47,824,534

2 Operating profit

Operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation:		
Owned tangible assets	498,404	439,927
Assets held under finance leases	123,619	135,561
Amortisation	4,321	5,586
(Profit) / Loss on disposal of tangible assets	(35,839)	6,555
Increase in provision for impairment of trade receivables	9,822	34,703
Stock recognised as an expense	29,690,328	28,419,738
(Decrease)/increase in provision for impairment of stocks	(43,923)	26,636
Operating lease rentals	18,070	22,295
(Gain) /Loss on foreign exchange	(275,011)	179,338
Services provided by the company's auditors:		
- Fees payable for audit related regulatory reporting	52,426	46,638
- Tax compliance services	5,415	17,458

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Employees and directors

Employee costs were as follows:

	2022	2021
	£	£
Wages and salaries	**8,518,972**	8,106,790
Social security costs	**865,157**	778,427
Other pension costs (note 18)	**638,531**	604,802
	10,022,660	9,490,019

Employees

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

By activity	**2022**	2021
	Number	Number
Administration	**23**	23
Sales and service/distribution	**173**	165
Manufacturing and development	**9**	9
	205	197

Directors

The directors' emoluments were as follows:	**2022**	2021
	£	£
Aggregate emoluments	**504,388**	301,317
Payments to defined contribution pension schemes	**44,362**	22,738
	548,750	324,055

4 directors (2021: Two) were members of a defined contribution schemes.

3 Employees and directors (continued)

Number of directors receiving:	2022 Number	2021 Number
Payments to defined contribution pension schemes	4	2

The highest paid directors' emoluments comprise:	2022 £	2021 £
Aggregate emoluments	194,405	188,760
Payments to defined contribution pension schemes	10,976	10,628
	205,381	199,388

4 Interest receivable and similar income

	2022 £	2021 £
Bank interest received	3,153	521
Interest on short term deposits	3,379	314
Interest on corporation tax refund	-	1,237
	6,532	2,072

5 Interest payable and similar expenses

	2022 £	2021 £
Bank interest	13	66
Interest on corporation tax	-	127
Finance lease interest	2,556	2,480
	2,569	2,673

Notes to the financial statements for the year ended 31 December 2022 (continued)

6 Tax on profit

(a) Analysis of tax charge in the year

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the year	**410,629**	533,428
Adjustments in respect of prior periods	**(39,552)**	(13,034)
Total current tax	**371,077**	520,394
Deferred tax		
Origination and reversal of timing differences	**124,341**	11,563
Adjustments in respect of prior periods	**44,960**	-
Impact of changes in tax rates and laws	-	29,794
Total deferred tax (note 15)	**169,301**	41,357
Tax on profits for the year	**540,378**	561,751

(b) Factors affecting tax charge in the year

The tax assessed for the year is higher (2021: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£	£
Profit on ordinary activities before tax	**2,553,512**	2,718,715
Profit before taxation for the year multiplied by the standard rate in the United Kingdom of 19% (2021: 19%)	**485,167**	516,556
Effects of:		
Fixed asset differences	**29,816**	21,807
Expenses not deductible for tax purposes	**1,165**	3,853
Income not taxable for tax purposes	**(11,020)**	-
Adjustments in respect of prior periods	**(39,552)**	(13,034)
Adjustments in respect of prior periods – deferred tax	**44,960**	-
Re-measurement of deferred tax – change in UK tax rate	**29,842**	32,569
Tax charge for the year	**540,378**	561,751

Notes to the financial statements for the year ended 31 December 2022 (continued)

6 Tax on profit (continued)

c) Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

7 Dividends

	2022	2021
	£	£
Equity – Ordinary		
Final paid £13.44 (2021: £13.69) per ordinary share	**2,150,000**	2,190,000

The directors have proposed a final dividend for the year ended 31 December 2022 of £12.50 per share (2021: £13.44) which is a total of £2,000,000 (2021: £2,150,000). This dividend has not been accounted for within the current year financial statements as it has yet to be approved.

8 Intangible assets

	Software
	£
Cost	
At 1 January 2022	112,834
At 31 December 2022	112,834

Notes to the financial statements for the year ended 31 December 2022 (continued)

8 Intangible assets (continued)

	Software
	£
Accumulated amortisation and impairment	
At 1 January 2022	106,176
Amortisation	4,321
At 31 December 2022	110,497
Net book value	
At 31 December 2022	2,337
At 31 December 2021	6,658

Amortisation is charged in the profit and loss to costs of sales (£1,222), distribution costs (£2,487) and administrative expenses (£612).

Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Tangible assets

	Freehold land & buildings £	Plant and equipment £	Furniture, fixtures and fittings £	Computer and electronic equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2022	8,025,053	2,223,403	1,042,626	1,224,926	833,875	13,349,883
Additions	-	247,714	59,086	239,840	74,509	621,149
Disposals	-	(58,045)	-	(164,012)	(193,038)	(415,095)
At 31 December 2022	**8,025,053**	**2,413,072**	**1,101,712**	**1,300,754**	**715,346**	**13,555,937**
Accumulated Depreciation						
At 1 January 2022	3,444,949	1,859,169	705,365	1,005,423	780,708	7,795,614
Charge for the year	191,003	165,659	51,017	148,798	65,546	622,023
Disposals	-	(58,045)	-	(161,274)	(193,038)	(412,357)
At 31 December 2022	**3,635,952**	**1,966,783**	**756,382**	**992,947**	**653,216**	**8,005,280**
Net book amount						
At 31 December 2022	**4,389,101**	**446,289**	**345,330**	**307,807**	**62,130**	**5,550,657**
At 31 December 2021	4,580,104	364,234	337,261	219,503	53,167	5,554,269

The net book amount of tangible assets includes an amount of £143,087 (2021: £90,588) in respect of assets held under finance leases. Assets held under finance leases relate to motor vehicles and computer equipment.

There are no material differences between the market value and net book value of land and buildings.

Depreciation is charged in the profit and loss to costs of sales (£185,713), distribution costs (£332,610) and administrative expenses (£103,700).

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 Stocks

	2022	2021
	£	£
Raw materials and consumables	**167,418**	187,057
Work in progress	**574,048**	731,515
Finished goods held for resale	**2,022,181**	2,352,219
	2,763,647	3,270,791

There is no significant difference between the replacement cost of stocks and their carrying amount.

Stocks are stated after provisions for impairment of £343,032 (2021: £386,955).

11 Debtors

	2022	2021
	£	£
Trade debtors	**9,149,259**	10,256,365
Amounts owed by group undertakings	**1,645,715**	40,558
Other debtors	**9,675**	7,756
Prepayments	**340,706**	295,996
Derivative financial instruments	**101,557**	-
	11,246,912	10,600,675

Amounts owed by group undertakings are unsecured, interest free and have no fixed date for repayment.

Trade debtors are stated after provisions for impairment of £64,936 (2021: £55,114). The Directors consider the fair value of trade and other debtors to be consistent with the carrying value given their short term nature.

Notes to the financial statements for the year ended 31 December 2022 (continued)

12 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	**2,362,234**	1,746,465
Amounts owed to group undertakings	**1,371,418**	1,867,262
Finance leases	**38,102**	9,672
Corporation tax	**46,504**	263,429
Other taxation and social security	**512,090**	770,811
Other creditors	**8,931**	7,610
Derivative financial instruments	**-**	13,470
Accruals and deferred income	**1,521,042**	1,166,265
	5,860,321	5,844,984

Amounts owed to group undertakings are unsecured and are repayable on demand.

The Directors consider the fair value of trade and other creditors to be consistent with the carrying value given their short term nature.

13 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Finance leases	**121,299**	-

Notes to the financial statements for the year ended 31 December 2022 (continued)

14 Finance leases

The future minimum finance lease payments are as follows:

	2022	2021
	£	£
Not later than one year	**42,280**	9,722
Later than one year and not later than five years	**126,699**	-
Total gross payments	**168,979**	9,722
Less: Finance charges	**(9,578)**	(50)
	159,401	9,672

The finance leases relate to computer equipment.

15 Provisions for liabilities

	2022	2021
	£	£
Deferred tax	**305,005**	135,704
Warranty costs	**344,404**	311,253
	649,409	446,957

Deferred tax liability

	£
Liability at 1 January 2022	135,704
Debited to the profit and loss account (note 6)	169,301
Liability at 31 December 2022	**305,005**

Notes to the financial statements for the year ended 31 December 2022 (continued)

15 Provisions for liabilities (continued)

Deferred tax provided in the financial statements comprises:

	2022	2021
	£	£
Short term timing differences	**(22,468)**	(23,675)
Accelerated capital allowances	**327,473**	159,379
	305,005	135,704

The net deferred tax liability expected to reverse in 2022 is £nil (2021: reverse in 2022: £nil).

Provision for Warranty costs

	£
At 1 January 2022	311,253
Amounts utilised during the year	(267,736)
Unutilised amount reversed during the year	(43,517)
Provision made in the year	344,404
At 31 December 2022	**344,404**

The provision for warranty costs has been recognised for expected warranty claims arising on products sold during the financial year. It is expected that this expenditure will be incurred in the next financial year.

Notes to the financial statements for the year ended 31 December 2022 (continued)

16 Financial instruments

The company has the following financial instruments

	Note	2022 £	2021 £
Financial assets			
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	11	**9,149,259**	10,256,365
Amounts owed by group undertakings	11	**1,645,715**	40,558
Other debtors	11	**9,675**	7,756
Cash and cash equivalents		**4,561,645**	4,490,583
		15,366,294	14,795,262
Financial liabilities			
Financial liabilities measured at amortised cost			
Trade creditors	12	**2,362,234**	1,746,465
Amounts owed to group undertakings	12	**1,371,418**	1,867,262
Accruals and deferred income	12	**1,521,042**	1,166,265
Other Creditors	12	**8,931**	7,610
Finance leases	12,13	**159,401**	9,672
		5,423,026	4,797,274
Financial assets / (liabilities) measured at fair value through profit or loss			
Derivative financial instruments	12	**101,557**	(13,470)
		101,557	(13,470)

Derivative financial instruments
The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 31 December 2022 the outstanding contracts all mature within 3 months of the year end. The company is committed to buy EUR 2,500,000 and CHF 2,250,000 and sell a fixed sterling amount. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:EUR and GBP:CHF.

Notes to the financial statements for the year ended 31 December 2022 (continued)

17 Called up share capital

	2022	2021
	£	£
Allotted and fully paid		
160,000 (2021: 160,000) ordinary shares of £1 each	**160,000**	160,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

18 Pensions

From 1 January 1993, the company has operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. Aggregate contributions charge in the year by the company to the staff pension scheme amounted to £638,531 (2021: £604,802). There are no contributions outstanding or prepaid.

19 Contingent liabilities

	2022	2021
	£	£
Performance bonds with recourse	**189,719**	212,425
H M Turnover and Customs guarantee with recourse	**1,010,000**	1,010,000
	1,199,719	1,222,425

Performance bonds with recourse relate to bank guarantees issued to customers against specific orders to cover performance, warranty and retentions. There has been no recent history of payment of these guarantees being demanded.

H M Turnover and Customs guarantee with recourse relates to a bank guarantee linked to the collection of import VAT and duty.

Notes to the financial statements for the year ended 31 December 2022 (continued)

20 Capital and other commitments

The company had the following future minimum lease payments under non-cancellable operating leases to each of the following years:

Payments due	2022	2021
	£	£
Within one year	**9,751**	15,902
Later than one year and not later than five years	**17,882**	8,124
	27,633	24,026

In addition, the company has an ongoing financial commitment of approximately £1,022,055 per annum as regards the use and operation of its Endress+Hauser Group computer software (2021: £957,000).

21 Ultimate parent undertaking and controlling party

The company's ultimate parent company and largest and smallest group to consolidate these financial statements, is Endress+Hauser AG, a company incorporated in Switzerland. Copies of Endress+Hauser AG consolidated financial statements are available upon request from Endress+Hauser AG, Kägenstrasse 2, CH-4153 Reinach/BL Switzerland.

The ultimate controlling party is the Endress family.

22 Related party disclosure

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102 on the grounds that at 31 December 2022 it was a wholly owned subsidiary.

Endress+Hauser Limited have elected to take advantage of key personnel compensation disclosure exemption under FRS 102 paragraph 1.12(e) and 33.7