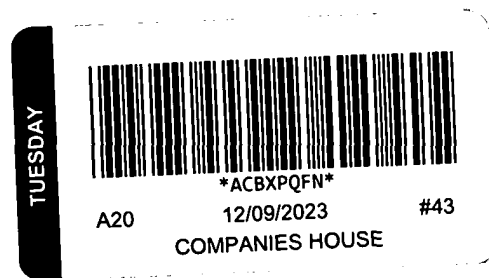


Registered number: 05632471

Senstronics Holdings Limited

Annual report

31 December 2022



Senstronics Holdings Limited

Company information

Directors	Niels Behrensen Jason Handel (appointed 27 September 2022) Bert Labots Jonathan Martha (appointed 28 March 2022)
Company secretary	Bird & Bird Company Secretaries Limited
Registered number	05632471
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 Holdings Limited

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Senstronics Holdings Limited

Group strategic report Year ended 31 December 2022

Principal activities

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

Business Model

The aim of the group 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 group 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 11.7% to £24,202,351 (2021: £21,661,822). 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 £988,067 (2021: £1,511,518).

The group procures 86% of its material needs from low-cost regions, primarily China. These purchases are also mainly denominated in US Dollars which the group naturally hedges by invoicing most of its sales in US Dollars.

Source country	% of material purchases
Europe	6%
Low cost regions	86%
UK	1%
USA	7%

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.

Senstronics Holdings Limited

Group strategic report (continued) Year ended 31 December 2022

Financial key performance indicators

The group 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.

Group 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:

	2022	2021
Revenue	£24.2m	£21.7m
EBIT	£1.0m	£1.5m
Cash	£3.8m	£3.6m

The improvement in the sales KPI has been achieved due to increased sales volumes. An increase in material and freight costs have lead to the EBIT level decreasing.

Principal risks and uncertainties

The group 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 2023 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 or its group since the year end.

This report was approved by the board on 7 September 2023 and signed on its behalf by:

DocuSigned by:

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Niels Behrensen
Director

Senstronics Holdings Limited

Directors' report Year ended 31 December 2022

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

Results and dividends

The profit for the year, after taxation, amounted to £1,488,364 (2021 - £1,740,120).

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

Directors

The directors who served during the year were:

Niels Behrensen
Jason Handel (appointed 27 September 2022)
Bert Labots
Jonathan Martha (appointed 28 March 2022)
Jonathan Baldwin (resigned 25 March 2022)
Scott Lindstedt (resigned 2 September 2022)

Matters covered in the group 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

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 7 September 2023 and signed on its behalf by:

DocuSigned by:

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Niels Behrensen
Director

Senstronics Holdings Limited

Directors' responsibilities statement Year ended 31 December 2022

The directors are responsible for preparing the group 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 the group and of the profit or loss of the group 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 or the group 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 the group 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 the group 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 Holdings Limited

Opinion

We have audited the financial statements of Senstronics Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated and company statements of changes in equity, the consolidated net analysis of funds 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 group's and of the parent company's affairs as at 31 December 2022 and of the group's 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 group 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 group's or the parent 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 Holdings 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 group 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 group 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



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

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 group's and the parent 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 group or the parent 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.

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 group'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 group 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 group 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 group'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.




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

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.

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:

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

Date: 7 September 2023

Senstronics Holdings Limited

Consolidated statement of comprehensive income Year ended 31 December 2022

	Note	2022 £	2021 £
Profit and loss account			
Turnover	5	24,202,351	21,661,822
Cost of sales		(17,183,019)	(14,754,302)
Gross profit		7,019,332	6,907,520
Distribution costs		(1,268,966)	(780,646)
Administrative expenses		(4,854,012)	(4,798,382)
Other operating income	6	90,113	182,951
Operating profit	7	986,467	1,511,443
Interest receivable and similar income	10	1,666	75
Interest payable and similar expenses	11	(66)	-
Profit before taxation		988,067	1,511,518
Tax on profit	12	500,297	228,602
Profit for the financial year		1,488,364	1,740,120

There was no other comprehensive income for 2022 (2021:£nil).

The notes on pages 16 to 31 form part of these financial statements.

Senstronics Holdings Limited

Consolidated balance sheet At 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	743,000	990,000
Tangible assets	14	4,884,454	3,898,593
		<u>5,627,454</u>	<u>4,888,593</u>
Current assets			
Stocks	16	3,870,856	3,197,118
Debtors	17	6,349,901	4,616,926
Cash at bank and in hand	18	3,775,034	3,637,732
		<u>13,995,791</u>	<u>11,451,776</u>
Creditors: amounts falling due within one year	19	(5,729,122)	(3,934,610)
Net current assets		<u>8,266,669</u>	<u>7,517,166</u>
Total assets less current liabilities		<u>13,894,123</u>	<u>12,405,759</u>
Net assets		<u>13,894,123</u>	<u>12,405,759</u>
Capital and reserves			
Called up share capital	21	108,270	108,270
Share premium account	22	10,810,730	10,810,730
Profit and loss account	22	2,975,123	1,486,759
Total equity		<u>13,894,123</u>	<u>12,405,759</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 September 2023.

DocuSigned by:

Niels Behrens

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Niels Behrens
Director

Senstronics Holdings Limited

Company balance sheet At 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	15	10,919,000	10,919,000
		<u>10,919,000</u>	<u>10,919,000</u>
Creditors due within one year	19	(65,040)	(65,040)
Net current liabilities		<u>(65,040)</u>	<u>(65,040)</u>
Total assets less current liabilities		<u>10,853,960</u>	<u>10,853,960</u>
Net assets		<u>10,853,960</u>	<u>10,853,960</u>
Capital and reserves			
Called up share capital	21	108,270	108,270
Share premium account	22	10,810,730	10,810,730
Profit and loss account	22	(65,040)	(65,040)
Total equity		<u>10,853,960</u>	<u>10,853,960</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 September 2023.

DocuSigned by:

Niels Behrensen
 Director

Company registered number: 05632471

The notes on pages 16 to 31 form part of these financial statements.

Senstronics Holdings Limited

Consolidated statement of changes in equity Year ended 31 December 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021	108,270	10,810,730	(253,361)	10,665,639
Profit for the year	-	-	1,740,120	1,740,120
At 1 January 2022	108,270	10,810,730	1,486,759	12,405,759
Profit for the year	-	-	1,488,364	1,488,364
At 31 December 2022	108,270	10,810,730	2,975,123	13,894,123

The notes on pages 16 to 31 form part of these financial statements.

Senstronics Holdings Limited

Company statement of changes in equity Year ended 31 December 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	108,270	10,810,730	(65,040)	10,853,960
At 1 January 2022 and 31 December 2022	108,270	10,810,730	(65,040)	10,853,960

The notes on pages 16 to 31 form part of these financial statements.

Senstronics Holdings Limited

Consolidated statement of cash flows Year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	1,488,364	1,740,120
Adjustments for:		
Amortisation of intangible assets	247,000	247,000
Depreciation of tangible assets	659,684	624,585
Impairments of fixed assets	-	189,534
Loss on disposal of tangible assets	2,150	7,129
Interest payable	66	-
Interest receivable	(1,666)	(75)
Taxation credit	(500,297)	(228,602)
Increase in stocks	(673,738)	(294,429)
(Increase)/decrease in debtors	(1,232,678)	51,939
Increase in creditors	1,794,512	117,399
Foreign exchange losses	33,327	33,564
Net cash generated from operating activities	1,816,724	2,488,164
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,647,695)	(1,382,387)
Interest received	1,666	75
Net cash from investing activities	(1,646,029)	(1,382,312)
Cash flows from financing activities		
Interest paid	(66)	-
Net cash used in financing activities	(66)	-
Net increase in cash and cash equivalents	170,629	1,105,852
Cash and cash equivalents at beginning of year	3,637,732	2,565,444
Foreign exchange gains and losses	(33,327)	(33,564)
Cash and cash equivalents at the end of year	3,775,034	3,637,732
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,775,034	3,637,732
	3,775,034	3,637,732

The notes on pages 16 to 31 form part of these financial statements.

Senstronics Holdings Limited**Consolidated analysis of net funds
Year ended 31 December 2022**

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	3,637,732	137,302	3,775,034

The notes on pages 16 to 31 form part of these financial statements.

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

1. General information

Senstronics Holdings Limited ('the company') and its subsidiary, together 'the group' are 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. 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.

3.1 Basis of preparation of financial statements

These financial statements comprise the consolidated (group) financial statements and the company's separate financial statements. However, as permitted by section 408 of the Companies Act 2006, the separate profit and loss account of the company is not presented.

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 4.

3.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity in respect of its separate (non-group) financial statements and has taken advantage of the exemptions relating to the preparation of a cash flow statement. The consolidated financial statements include a consolidated cash flow statement.

3.3 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings as if they formed a single entity. Intercompany transactions and balances are therefore eliminated in full.

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.4 Going concern

The group'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 group has £3.8m of cash at bank and in hand and net current assets of £8.3m.

The group meets its day to day working capital requirements through its cash resources and cash generated from operations. In addition, the group is the subject of a joint venture agreement under which the participating shareholders have agreed to make additional funds available in the event such funds are required.

The directors believe that the group 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 group'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, show that the group 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 group 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.

3.5 Revenue recognition

Turnover

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

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.

3.6 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 group 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 group in independently administered funds.

3.7 Foreign currency

The group'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 Holdings Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.8 Research and development

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

3.9 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.

3.10 Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses with goodwill representing the difference between the amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities acquired. Amortisation is provided on all intangible assets so as to write off the cost over their estimated useful economic lives as follows:

Goodwill	-	20 years straight line
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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.

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.11 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.

3.12 Fixed asset investments

In the company balance sheet, investments in subsidiary undertakings are measured at cost less accumulated impairment losses.

3.13 Leases

All of the group'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.

3.14 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.

3.15 Financial instruments

Basic debt instruments

The group'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.

3.16 Cash and cash equivalents

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

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

4. 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 and amortisation 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.

5. Turnover

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

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	3,655,602	8,243,816
Rest of Europe	12,819,662	9,206,034
Rest of the world	7,727,087	4,211,972
	<u>24,202,351</u>	<u>21,661,822</u>

6. Other operating income

	2022 £	2021 £
R&D expenditure credit	77,176	159,812
Government grants receivable	-	8,639
Sundry income	12,937	14,500
	<u>90,113</u>	<u>182,951</u>

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

7. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	659,684	624,585
Impairment of tangible fixed assets	-	189,534
Amortisation of goodwill (included in administrative expenses)	247,000	247,000
Exchange differences	33,327	33,564
Operating lease rentals	182,763	185,782
Research and development expenses as incurred	63,239	99,897
Loss on disposal of tangible fixed assets	2,150	7,129

8. Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor for the audit of the parent company and the group (consolidated) financial statements	22,500	19,500

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

9. Employees

Staff costs, including directors remuneration, were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	4,648,313	4,066,799	-	-
Social security costs	447,866	353,449	-	-
Cost of defined contribution pension scheme	254,686	205,122	-	-
	<u>5,350,865</u>	<u>4,625,370</u>	<u>-</u>	<u>-</u>

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

	2022 No.	2021 No.
Directors	4	4
Finance and administration	11	11
Operations	140	127
	<u>155</u>	<u>142</u>

The company has no employees other than the directors, who did not receive any remuneration (2021: £nil).

10. Interest receivable

	2022 £	2021 £
Interest receivable	<u>1,666</u>	<u>75</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	<u>66</u>	<u>-</u>

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

12. Taxation

	2022 £	2021 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(494,038)	(101,737)
Changes to tax rates	57,443	(126,865)
Adjustment in respect of prior periods	(63,702)	-
Total deferred tax	(500,297)	(228,602)
Taxation on profit on ordinary activities	(500,297)	(228,602)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	988,067	1,511,518
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	187,733	287,188
Effects of:		
Expenses not deductible for tax purposes	48,125	48,381
Research and development tax credits	(14,663)	(30,364)
Recognition of previously unrecognised tax losses	(675,989)	(406,436)
Adjustment in respect of change in tax rates	57,443	(126,865)
Enhanced capital allowances	(39,244)	(506)
Adjustment in respect of prior periods	(63,702)	-
Total tax charge for the year	(500,297)	(228,602)

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

12. Taxation (continued)

Factors that may affect future tax charges

At the balance sheet date, the company had unutilised trading losses of £6,674,000 (2021: £5,670,000) 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.

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19% (2021: 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 these financial statements.

13. Intangible assets

Group

	Goodwill £
Cost	
At 1 January 2022	4,946,000
At 31 December 2022	<u>4,946,000</u>
Amortisation	
At 1 January 2022	3,956,000
Charge for the year	247,000
At 31 December 2022	<u>4,203,000</u>
Net book value	
At 31 December 2022	<u><u>743,000</u></u>
At 31 December 2021	<u><u>990,000</u></u>

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. Goodwill of £4,946,000 arose on the acquisition of Senstronics Limited. Goodwill is being amortised in full, on a straight line basis, over 20 years. In the opinion of the directors this represents a prudent estimate of the period over which the group will derive direct economic benefit from the business acquired.

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

14. Tangible fixed assets

Group

	Plant and machinery £	Fixtures, fittings and office equipment £	Assets under construction £	Total £
Cost				
At 1 January 2022	8,334,880	275,553	1,303,550	9,913,983
Additions	67,997	32,802	1,546,896	1,647,695
Disposals	(6,195)	-	(191,684)	(197,879)
Transfers between classes	110,247	-	(110,247)	-
At 31 December 2022	8,506,929	308,355	2,548,515	11,363,799
Depreciation and impairments				
At 1 January 2022	5,667,403	158,453	189,534	6,015,390
Charge for the year	588,931	70,753	-	659,684
Disposals	(6,195)	-	(189,534)	(195,729)
At 31 December 2022	6,250,139	229,206	-	6,479,345
Net book value				
At 31 December 2022	2,256,790	79,149	2,548,515	4,884,454
At 31 December 2021	2,667,477	117,100	1,114,016	3,898,593

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

15. Fixed asset investments

Company

Investments
in
subsidiary
companies
£

Cost and net book value

At 1 January 2022 and 31 December 2022

10,919,000

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding
Senstronics Limited	Ordinary	100%

Senstronics Limited has the same registered address as the parent company which is disclosed on the company information page of this report. The subsidiary is principally engaged in the design and manufacture of pressure sensors that are sold through the various sales channels of its parent companies.

16. Stocks

	Group 2022 £	Group 2021 £
Raw materials and consumables	3,370,940	2,799,598
Work in progress	396,978	229,841
Finished goods and goods for resale	102,938	167,679
	3,870,856	3,197,118

Stocks are stated after provisions for impairment of £213,920 (2021: £104,095). The impairment charge for stock which is included in cost of sales totals £278,751 (2021: £79,220).

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

17. Debtors

	Group 2022 £	Group 2021 £
Trade debtors	405,779	393,095
Amounts owed by related undertakings (see note 26)	4,365,317	3,309,170
Other debtors	175,179	121,708
Prepayments and accrued income	374,727	264,351
Deferred taxation (see note 20)	1,028,899	528,602
	<u>6,349,901</u>	<u>4,616,926</u>

Trade debtors are stated after provisions for impairment of £nil (2021: £nil). The impairment charge for the year, included within administrative costs totalled £nil (2021: £70).

18. Cash and cash equivalents

	Group 2022 £	Group 2021 £
Cash at bank and in hand	<u>3,775,034</u>	<u>3,637,732</u>

19. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	4,755,333	3,087,478	-	-
Amounts owed to subsidiary company	-	-	65,040	65,040
Amounts owed to related undertakings (note 26)	184,554	24,071	-	-
Other taxation and social security	117,119	95,598	-	-
Other creditors	32,428	23,941	-	-
Accruals and deferred income	639,688	703,522	-	-
	<u>5,729,122</u>	<u>3,934,610</u>	<u>65,040</u>	<u>65,040</u>

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

20. Deferred taxation

Group

	2022 £
At beginning of year	528,602
Credited to profit or loss	500,297
At end of year (included in debtors)	1,028,899

The deferred tax asset is made up as follows:

	Group 2022 £	Group 2021 £
Accelerated capital allowances	(650,323)	(222,420)
Tax losses carried forward	1,668,449	741,500
Other short term timing differences	10,773	9,522
	1,028,899	528,602

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
5,413,456 (2021 - 5,413,456) "A" Ordinary Shares of £0.01 each	54,135	54,135
5,413,456 (2021 - 5,413,456) "B" Ordinary Shares of £0.01 each	54,135	54,135
	108,270	108,270

The "A" and "B" Ordinary shares rank pari passu in all respects.

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

22. Reserves

Share premium account

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

Profit and loss account

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

23. 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 £3,715,655 (2021: £521,323). Capital expenditure authorised but not contracted at the end of the financial year was £112,171 (2021: £70,064).

24. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the fund and amounted to £254,686 (2021: £205,122). £32,428 (2021: £23,942) was payable to the funds at the balance sheet date and is included within creditors.

25. Commitments under operating leases

At 31 December 2022 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	218,782	215,724
Later than 1 year and not later than 5 years	216,414	409,448
	435,196	625,172

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

26. Related party transactions

The group 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 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 £
Danfoss A/S	11,302,047	132,772	1,268,827	-
Danfoss Limited	850,316	9,956	129,993	-
Danfoss Sensors GmbH	1,517,615	-	599,801	-
Danfoss (Tianjin) Limited	575	-	-	-
Fortive ICG Japan Co. Limited	439,857	-	76,503	-
Fortive Setra-ICG (Tianjin) Co. Limited	1,631,547	-	336,986	-
Gems Sensors Inc	4,054,119	-	865,529	-
Setra Systems Inc	1,439,927	-	430,052	-
Tektronix UK Limited	-	3,548	-	-
TGA Industries Limited	2,813,898	-	657,626	-
Danfoss Distribution Services A/S	-	360,644	-	184,554
	24,049,901	506,920	4,365,317	184,554
	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	-
Gem 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

Senstronics Holdings Limited

Notes to the financial statements Year ended 31 December 2022

27. Controlling party

The company is jointly controlled by Danfoss A/S, incorporated in Denmark, and TGA Industries Limited (a subsidiary of Fortive Corporation, incorporated in the United States of America), who each own 50% of the ordinary shares of the company.