
TENSATOR LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

THURSDAY



AB8PKCFD

A18

21/07/2022

#14

COMPANIES HOUSE

TENSATOR LIMITED

COMPANY INFORMATION

Directors	A R McPherson S R Smith
Registered number	04046724
Registered office	Unit 7 Danbury Court Linford Wood Milton Keynes MK14 6TS
Independent auditors	Grant Thornton UK LLP Chartered Accountants and Statutory Auditors Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

TENSATOR LIMITED

CONTENTS

	Pages
Strategic Report	1 - 3
Directors' Report	4 - 6
Independent Auditors' Report	7 - 11
Statement of Comprehensive Income	12
Statement of Financial Position	13 - 14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 - 45

TENSATOR LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Introduction

The Directors present the Strategic Report on the Company for the year ended 31 December 2021.

Business review and financial position at the reporting date

	2021	2020
	£000	£000
Revenue	7,583	12,440
Gross profit	3,997	6,686
Adjusted EBITDA*	714	2,073
Profit before taxation	947	2,158
Shareholders' funds as at 31 December	33,655	32,717
	<u>2021</u>	<u>2020</u>
	<u>%</u>	<u>%</u>
Sales growth/(shrinkage)	(39)	30
Gross profit margin	53	54
EBITDA margin	9	17

* earnings before interest, tax, depreciation, amortisation, exceptional items and exchange gain/loss.

2021 sales were lower than the prior year by 39%, due to a decrease in the demand for the Company's range of retractable webbing queue barriers for use in the enforcement of social distancing in both the UK and key export markets in Europe. The Company experienced a significant reduction in sales throughout the year as the increased demand for social distancing products which was experienced in 2020 was fulfilled and the extent of the impact of lockdown on the Company's traditional markets in Transport and Retail became apparent. The reduction in demand due to the closure of whole airport terminals and non-essential retailers led to project deferrals and drastically reduced customer expenditure budgets.

Gross profit held reasonably flat to 2020 level due to process improvements which continued to be made and despite the reduction in volume purchases of raw materials.

The Directors consider the performance of the Company during the year, together with its financial position at the end of the year, to be satisfactory given the economic uncertainty which was experienced throughout the year as the COVID-19 pandemic continued to unfold.

The Company is part of the Tensator Group of companies and has guaranteed the obligations of all group companies under borrowing facilities of a parent company, Tensator Holdings Limited (hereby referred to as 'Group').

TENSATOR LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Future developments

The board is confident that its plans including new product development and targeting new markets, including the development of its ecommerce presence, will reflect positively on future operating performance.

Key Performance Indicators (KPIs)

The Company's performance is evaluated using comparable key performance indicators (KPIs), both financial and non-financial.

Financial KPIs

The Company's four principal financial-KPIs measure sales growth, gross margin and EBITDA. Comparisons are made against both prior year and budget.

Non-financial KPIs

Health and Safety is the Company's key non-financial KPI and the Company uses the Accident report to monitor its performance. To the year ended 31 December 2021 there were no accidents (2020: no accidents).

Principal risks and uncertainties

Like all businesses, the Company continues to face a number of risks and uncertainties as it conducts its operations. There are a number of risks that could impact the Company's performance, for example, the pace and scale of economic recovery following COVID-19, the effect of the realignment of the UK's trading relationship with the EU and other international markets post-Brexit, volatile international shipping costs, increased tariffs, rises in raw material prices for the components which are required to make the Company's core Tensabarrier® product, the effect of price competition from Asia and employee legislation. The Company's senior management team has taken steps to understand and evaluate these risks in order to achieve the objective of creating long-term, sustainable returns.

Financial risk management

The Company is exposed to a variety of financial risks. The most significant of which are trading risk, foreign currency risk, liquidity risk, and credit risk. The board seeks to limit the adverse effects on the financial performance of the Company by reviewing and agreeing policies for managing each of these risks and these are summarised below:

Trading risk

The impact of COVID-19 has led to customers scaling back their investment plans as result of uncertainty in the wider marketplace. Some industry sectors have been harder hit than others, for example, the airport and airline industries which has seen significant challenges to their operation models due the sharp and ongoing reduction in passenger numbers. Similarly, non-essential retail has suffered from enforced closure of stores, many of which remain closed until economies unlock. The Group seeks to mitigate this risk by pursuing a broad strategy of new business opportunities across multiple industry verticals and geographies.

Foreign currency risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. For trading transactions, global monitoring of cash flows acts as an internal hedge whereby intercompany cash movements are timed to minimise adverse variances in exchange movements. The Company does not undertake external hedging activities.

Liquidity risk

The Company manages its liquidity requirements centrally to ensure that it has sufficient liquid resources to meet the operating needs of its business, as well as provide the funds to support debt repayment of the Group.

TENSATOR LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Financial risk management (continued)

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. An allowance is provided for doubtful debts, and balances are monitored on an ongoing basis. All customers who wish to trade on credit terms are subject to credit verification procedures, and their credit status is regularly reviewed.

The United Kingdom's withdrawal from the European Union ("Brexit")

The Company prepared for Brexit by increasing its inventory of key components in the UK and at Group subsidiary locations in Europe. This pre-planned action helped to protect the Company from the worst effects of the severe port delays witnessed, in particular, during the month of January. Conditions have largely returned to pre-Brexit levels at the time of this report. The Company has not experienced any particular change to the demand pattern for its products in the EU as a direct result of Brexit. The Company is well-placed to take advantage of post-Brexit trade deals outside of the EU.

This report was approved by the board and signed on its behalf.

Alan McPherson

A R McPherson
Director

Date: 15/7/2022

TENSATOR LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Principal activity

The principal activity of the Company is the manufacture, distribution and sale of real and virtual queue management systems, impulse purchase merchandising solutions, health & safety barriers and crowd control products.

Results and dividends

The profit for the year, after taxation, amounted to £938,000 (2020 - £2,056,000).

During the year, no dividends were paid in respect of ordinary shares (2020: £nil) and no dividends were declared at the year-end (2020: £nil).

Directors

The Directors who served during the year and up to and including the date of signing were:

A R McPherson
S R Smith

Directors' indemnities

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in place during the financial year and at the date of approving the Directors' report.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report and the audited 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'). 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 and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

TENSATOR LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Director responsibilities

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Future developments

See the Strategic report (pages 2 to 3) for the Directors' view on Future developments, COVID-19 and Brexit.

Financial risk management

See the Strategic report (pages 2 and 3) for the Directors' review of Financial risk management.

Research and development activities

The Company continues to research and develop new queue management systems utilising and developing new technology for use in its existing and other potential markets.

Matters covered in the Strategic report.

The Company has chosen in accordance with Companies Act, s.414C(11) to set out in the Company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors Report. It has done so in respect of the review of the business and financial position at the reporting date, future developments and financial and non-financial key performance indicators.

Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will continue to be able to meet its liabilities as they fall due for at least 12 months following the date of approval of these financial statements.

In considering the Company's ability to continue as a going concern the Directors have taken into account the cross guarantees between Tensator Group companies in relation to the loan facilities and have produced trading cash flow forecasts together with assessments of compliance with debt terms. The Directors consider the relationship with the ultimate parent to be strong. This is supported by the track record of extension of the facilities, maturity date and flexibility around the terms of the facilities. This was further demonstrated during 2021 whereby the loan had been extended to 2023. Furthermore, the covenants have been reset based on current business expectations. The Directors are confident that the Group has sufficient liquidity, financial performance and support by the ultimate parent and have consequently prepared the financial statements on a going concern basis.

TENSATOR LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Subsequent events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The directors have taken account of these potential impacts in their going concern assessment.

Independent auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Alan McPherson

A R McPherson
Director

Date: 15/7/2022

TENSATOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TENSATOR LIMITED

Opinion

We have audited the financial statements of Tensator Limited ("the Company") for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity 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 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of Directors for the financial statements' section of this report.

TENSATOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TENSATOR LIMITED

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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 the Directors for the financial statements

As explained more fully in the Directors' responsibilities statement, 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.

TENSATOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TENSATOR LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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.

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We enquired of management and those charged with governance, concerning the Company's policies and procedures relating to:
 - o the identification, evaluation and compliance with laws and regulations; and
 - o the detection and response to the risks of fraud.
 - o whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquires to relevant supporting documentation.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and industry in which it operates through our general commercial and sector experience, discussion with management and inspection of Company's legal correspondence. We determined that the most significant are those that relate to the reporting frameworks (IFRS and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Company operates. In addition, we concluded that there are certain specific laws and regulations that may have an effect on the determination of amounts and disclosures in the financial statements and those laws and regulations relating to health and safety and employee matters.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - o evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
 - o challenging assumptions and judgments made by management in its significant accounting estimates, in particular, provision for doubtful debts and valuation of its goodwill and intangibles;
 - o identifying and testing journal entries, in particular manual journal entries and those relating to management estimates and entries determined to be large or relating to unusual transactions;
 - o assessing the extend of compliance with relevant laws and regulations as part of our procedures in the related financial statement item;
 - o identifying and testing of related party transactions.

TENSATOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TENSATOR LIMITED

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transaction reflected in the financial statements, the less likely we would become aware of it.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - o understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - o knowledge of the industry in which the client operates;
 - o understanding of the legal and regulatory requirements specific to the Company including:
 - o the provisions of the applicable legislation;
 - o the regulators' rules and related guidance, including guidance issued by relevant authorities that interprets those rules;
 - o the applicable statutory provisions.
 - o All members of the engagement team have completed all mandatory training. All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of entities of a similar size and complexity, appropriate to their role within the team.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - o the Company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - o the applicable statutory provisions;
 - o the Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, the adequacy of procedures for authorisation of transactions,
 - o review procedures over the Company's compliance with regulatory requirements.

TENSATOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TENSATOR LIMITED

Use of this 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.

Grant Thornton UK LLP

Hannah Cox (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
Date: 15/7/2022

TENSATOR LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Turnover	4	7,583	12,440
Cost of sales		(3,586)	(5,754)
Gross profit		<u>3,997</u>	<u>6,686</u>
Administrative expenses		(3,582)	(4,903)
Other operating income	5	9	6
Operating profit	6	<u>424</u>	<u>1,789</u>
Income from fixed assets investments	10	226	-
Interest receivable and similar income	11	342	410
Interest payable and expenses	12	(45)	(41)
Profit before tax		<u>947</u>	<u>2,158</u>
Tax on profit	13	(9)	(102)
Profit for the financial year		<u><u>938</u></u>	<u><u>2,056</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

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

All results were derived from continuing operations.

The notes on pages 16 to 45 form part of these financial statements.

TENSATOR LIMITED
REGISTERED NUMBER: 04046724

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Goodwill	15		662		662
Other intangible assets	14		202		182
Tangible assets	16		117		144
Right of use assets	17		643		653
Investments	18		259		259
			1,883		1,900
Current assets					
Stocks	19	1,104		1,096	
Debtors: amounts falling due within one year	20	44,158		43,103	
Cash at bank and in hand	21	199		909	
		45,461		45,108	
Creditors: amounts falling due within one year	22	(13,149)		(13,693)	
Net current assets			32,312		31,415
Total assets less current liabilities			34,195		33,315
Creditors: amounts falling due after more than one year	23		(512)		(548)
			33,683		32,767
Provisions for liabilities					
Other provisions	25	(28)		(50)	
			(28)		(50)
Net assets			33,655		32,717
Capital and reserves					
Called up share capital	26		85		85
Share premium account	27		10,994		10,994
Capital redemption reserve	27		15		15
Profit and loss account	27		22,561		21,623
			33,655		32,717

TENSATOR LIMITED
REGISTERED NUMBER: 04046724

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15/7/2022

Alan McPherson

A R McPherson
Director

The notes on pages 16 to 45 form part of these financial statements.

TENSATOR LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 January 2021	85	10,994	15	21,623	32,717
Comprehensive income for the year					
Profit for the year	-	-	-	938	938
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>938</u>	<u>938</u>
At 31 December 2021	<u>85</u>	<u>10,994</u>	<u>15</u>	<u>22,561</u>	<u>33,655</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	85	10,994	15	19,567	30,661
Comprehensive income for the year					
Profit for the year	-	-	-	2,056	2,056
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,056</u>	<u>2,056</u>
At 31 December 2020	<u>85</u>	<u>10,994</u>	<u>15</u>	<u>21,623</u>	<u>32,717</u>

The notes on pages 16 to 45 form part of these financial statements.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Tensator Limited ("the Company") is a private company limited by shares, registered and domiciled in England and Wales and incorporated in the United Kingdom. The address of the registered office is Unit 7 Danbury Court, Linford Wood, Milton Keynes, MK14 6TS.

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 4.

These financial statements have been presented in Pounds Sterling (£), this being the functional currency of the Company and currency of the primary economic environment in which the Company operates.

Monetary amounts included in these financial statements are rounded to the nearest thousand.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

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

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Tensator Holdings Limited as at 31 December 2021 and these are available from Unit 7 Danbury Court, Linford Wood, Milton Keynes, MK14 6TS.

2.3 Impact of new international reporting standards, amendments and interpretations

As at 31 December 2021, there are no other amendments to accounting standards or IFRIC interpretations that have had a material impact on the Company's financial statements.

2.4 Exemption from preparing consolidated financial statements

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated financial statements as it is a wholly owned subsidiary of Tensator Holdings Limited. The results of Tensator Limited are included in the consolidated financial statements of Tensator Holdings Limited as at 31 December 2021 and these are available from Unit 7 Danbury Court, Linford Wood, Milton Keynes, MK14 6TS.

TENSATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will continue to be able to meet its liabilities as they fall due for at least the next 12 months following the date of approval of these financial statements. In considering the Company's ability to continue as a going concern the Directors have taken into account the cross-guarantees between Tensator Group companies in relation to the loan facilities and have produced trading cash flow forecasts together with assessments of compliance with debt terms. The Directors consider the relationship with the ultimate parent to be strong. This is supported by the track record of extension of the facilities, maturity date and flexibility around the terms of the facilities. This is further demonstrated during 2021 whereby the loan has been extended to 2023. Furthermore, the covenants have been reset based on current business expectations. The Directors are confident that the Company has sufficient liquidity, financial performance and support by the ultimate parent and have consequently prepared the financial statements on a going concern basis.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling £.

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.

2.7 Revenue

The Company's revenue is earned from the sale and installation of goods (queue management systems) and carrying out repair and maintenance services on existing fixtures. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of value added tax (VAT), returns, rebates and discounts.

Sale of goods

Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good promised in the contract.

Revenue is recognised at a point in time when the performance obligation is satisfied which is when control of the asset is transferred to the customer and only when it is highly probable that a significant reversal of revenue will not occur. Control is transferred when the goods are shipped to the customer and title and risk have passed to the customer.

TENSATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Revenue (continued)

Rendering of services

Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling price of each distinct service promised in the contract.

Revenue is recognised at a point in time when the performance obligation is satisfied which is when control is transferred to the customer and only when it is highly probable that a significant reversal of revenue will not occur. Control is transferred when a service has been completed as per the terms of the contract with the customer.

All goods sold by the Company include warranties which require the Company to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties.

2.8 Leases

In 2019, the Company changed its accounting policy for leases where the Group is the lessee.

The Company leases various motor vehicles, property, plant and machinery, and fixtures and fittings. Rental contracts are typically made for fixed periods of 3 years to 10 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interest in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until 31 December 2018, leases of property, plant and equipment, motor vehicles, fixtures and fittings were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company where possible uses recent third-party financing as a starting point. This is then adjusted where necessary for:

- observed differentials in the cost of borrowing relating to different asset types;
- observed rates in comparator companies; and
- the effects of any known variations in risk or the economic climate that would apply to new leases in the reporting periods.

After initial recognition of a lease liability and right-of-use asset, the incremental borrowing rate used in the calculation of finance expense is not revisited.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following to determine the incremental borrowing rate:

The Company, where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and make adjustments specific to the lease, e.g., term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

TENSATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Research and development

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.10 Government grants

Government grants relating to the Coronavirus Job Retention Scheme (CJRS) were received during the prior year in respect of employee costs incurred for furloughed staff, however, these were fully refunded in 2021. At the time of signing these financial statements, no government grant or aid in relation to COVID-19 is in use for the benefit of Tensator Limited. Furthermore, no government grant or aid is currently foreseen to be required.

2.11 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.12 Royalty income

Royalty income, classified as Other operating income, is recognised on an annual basis in accordance with the substance of the relevant agreements.

2.13 Dividends income

Dividend income, classified as Income from shares in group undertakings, is recognised in the Statement of Comprehensive Income when the right to receive payment is established.

2.14 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.16 Employee benefits

The Company operates a defined contribution pension plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

TENSATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.17 Goodwill

The UK Companies Act requires goodwill to be amortised on a systematic basis over its useful economic life, a period determined by the Directors.

However, under IFRS 3 Business Combinations, goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment.

The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The Company is not able to reliably estimate the impact on the financial statements of the 'true and fair view override' on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability nor can the pattern in which goodwill diminishes be known.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.18 Other intangible assets

Patent costs

The patent costs relate to patents on the Company's commercial products. They are being amortised over a period of 5 years, which is expected to be the economic life of the products.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

Costs associated with maintaining computer software programmes are recognised as an expense incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate future probable economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software product are available;
- the expenditure attributable to the software product can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.18 Other intangible assets (continued)**

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which is three years.

The amortisation expense is charged to administrative expenses within the Statement of Comprehensive Income.

2.19 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery	- 4 years
Motor vehicles	- 3 years
Fixtures and Equipment	- 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised profit or loss.

The depreciation expense is charged to administrative expenses within the Statement of Comprehensive Income.

2.20 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

TENSATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.21 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.22 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.23 Debtors

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. They are recognised initially at transaction price and are subsequently stated at amortised cost, using the effective interest rate method, less allowance for expected credit losses. The Company measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit or loss, as an impairment loss or a reversal of an impairment loss.

Prepayments and other receivables are stated at their nominal values.

Trade and other receivables are written off (either partially or in full) when there is no reasonable expectation of recovery.

2.24 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 bank overdrafts.

2.25 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.26 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.27 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the date of the Statement of Financial Position.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. These estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgements in applying accounting policies (continued)***Critical judgements in applying the Company's accounting policies***

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

IFRS 16

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Under certain terms of its leases, the Company has a renewal and termination option to lease assets for an additional term of five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. The Company considers all relevant factors that create an economic incentive for it to either exercise the renewal or termination option.

After the commencement date, the Company reassesses the lease term to determine if there is a significant event or change in circumstances, within the Company's control, which affect the Company's ability to exercise (or not to exercise) the option to renew or terminate the lease.

The Company has applied an incremental borrowing rate for the purpose of computing lease liabilities based on its incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term. Upon the Company's adoption of IFRS 16, the Company applied a weighted average incremental borrowing rate of 8% to all leases, except 4% for property leases, existing as of January 1, 2019, i.e. the date of initial application.

As at the year end, interest in respect of lease liabilities of £45,000 was charged to Interest payable and similar expenses (see note 12) (2020: £41,000).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Debtor recoverability

The Company establishes a provision for debtors that are considered not to be recoverable. When assessing recoverability, the Directors consider factors such as the aging of receivables, estimated loss and the credit profile of customers.

As at the year end, the Company recognised a provision of £1,180,000 in respect of debtors that are not deemed to be recoverable (2020: £395,000).

Valuation of inventory

Management periodically review the carrying value of inventories and consider the need for impairment, taking into consideration factors such as changes in the product range including technological advancement and obsolescence.

In addition, the Company establishes a provision for inventory that is not deemed to be held at the lower of cost and net realisable value. When assessing this, the Directors consider the recent movement of stock and the current prices of raw materials.

As at 31 December 2021, a provision against stock of £161,000 was recognised on the Statement of Financial Position in respect of slow-moving and obsolete stock (2020: £201,000).

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

Analysis of turnover by country of destination:

	2021	2020
	£000	£000
United Kingdom	2,951	6,889
Rest of Europe	3,412	3,996
Rest of the world	647	737
USA	573	818
	<u>7,583</u>	<u>12,440</u>

5. Other operating income

	2021	2020
	£000	£000
Royalties	<u>9</u>	<u>6</u>

Other income relates to the income received via website banners.

6. Operating profit

The operating profit is stated after charging/(crediting):

	2021	2020
	£000	£000
Research & development charged as an expense	6	11
Depreciation of tangible fixed assets	55	69
Depreciation of right-of-use assets	187	196
Amortisation of patents costs	47	51
Amortisation of computer software	40	76
Exchange differences	(26)	122
Defined contribution pension cost	62	83
Post-employment benefits other than pensions	24	33
Impairment of stocks	<u>(40)</u>	<u>65</u>

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Auditors' Remuneration

The fee payable to the Company's auditors in respect of the audit of the Company's financial statements:

	2021	2020
	£000	£000
Audit of the Company's annual financial statements	37	39
	<u>37</u>	<u>39</u>

There were no fees paid to the Company's auditor in respect of non-audit services (2020: no fees).

8. Employees

Staff costs were as follows:

	2021	2020
	£000	£000
Wages and salaries	1,582	1,816
Social security costs	175	178
Other pension costs	62	83
Post-employment benefits other than pensions	24	33
	<u>1,843</u>	<u>2,110</u>

Included in other pension costs are the costs relating to the defined contribution pension scheme operated by the Company. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £62,000 (2020: £83,000). As at 31 December 2021, no contributions were outstanding (2020: £nil).

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

	2021	2020
	No.	No.
Sales and administration	41	44
Production	11	14
	<u>52</u>	<u>58</u>

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Directors' remuneration

No remuneration was paid to the Company's Directors by the Company during the year (2020: £nil) as they received their remuneration as Directors of the immediate Parent Company, Tensator Group Limited. Their remuneration is deemed to be wholly attributable to their services to the Parent Company. Accordingly, no emoluments in respect of the Company's Directors are included in these financial statements.

10. Income from shares in group undertakings

	2021	2020
	£000	£000
Dividends received	226	-
	226	-

11. Interest receivable and similar income

	2021	2020
	£000	£000
Interest received on loans to group companies	342	410
	342	410

12. Interest payable and similar expenses

	2021	2020
	£000	£000
Lease liability interest (note 17)	45	41
	45	41

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Taxation

	2021	2020
	£000	£000
Corporation tax		
Current tax on profits for the year	-	157
Adjustments in respect of previous periods	1	(39)
	<u>1</u>	<u>118</u>
Total current tax	<u>1</u>	<u>118</u>
Deferred tax		
Origination and reversal of timing differences	44	21
Adjustments in respect of prior periods	-	(24)
Effect of tax rate changes	(36)	(13)
Total deferred tax	<u>8</u>	<u>(16)</u>
Total tax charge for the year	<u>9</u>	<u>102</u>

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Taxation (continued)

Factors affecting tax charge for the year

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

	2021	2020
	£000	£000
Profit before tax	947	2,158
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	180	410
Effects of:		
Expenses not deductible for tax purposes	49	135
Fixed asset differences	(3)	-
Adjustments to tax charge in respect of prior periods	1	(39)
Adjustments to tax charge in respect of previous periods - deferred tax	-	(24)
Remeasurement of deferred tax for changes in tax rates	(26)	(14)
Income not taxable	(43)	-
Other differences leading to an increase in the tax charge	-	6
Group relief	(149)	(372)
Total tax charge for the year	9	102

Factors that may affect future tax charges

The Company's profits for the accounting period to 31 December 2021 were taxed at 19%.

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

TENSATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Intangible assets

	Patents £000	Computer software £000	Total £000
Cost			
At 1 January 2021	464	1,227	1,691
Additions	58	49	107
At 31 December 2021	<u>522</u>	<u>1,276</u>	<u>1,798</u>
Amortisation			
At 1 January 2021	334	1,175	1,509
Charge for the year on owned assets	47	40	87
At 31 December 2021	<u>381</u>	<u>1,215</u>	<u>1,596</u>
Net book value			
At 31 December 2021	<u>141</u>	<u>61</u>	<u>202</u>
At 31 December 2020	<u>130</u>	<u>52</u>	<u>182</u>

The patent costs relate to patents on the Company's commercial products. They are being amortised over a period of 5 years, which is expected to be the economic life of the products.

The software intangible assets additions relate to a new CAD program that has been implemented in the year. This is being amortised over a period of 3 years on a straight-line basis, following implementation.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Goodwill

	2021 £000
Cost	
At 1 January 2021	2,100
At 31 December 2021	<u>2,100</u>
Amortisation	
At 1 January 2021	1,438
At 31 December 2021	<u>1,438</u>
Net book value	
At 31 December 2021	<u><u>662</u></u>
<i>At 31 December 2020</i>	<u><u>662</u></u>

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Goodwill (continued)

The goodwill arose from the purchase of certain assets from Autoliv (Spring Dynamics) Limited on 29 September 2000 and was being amortised over 20 years. Following the adoption of FRS 101, with effect from 1 January 2014, goodwill amortisation is no longer charged but the Company tests whether goodwill has suffered any impairment on an annual basis.

Impairment testing

The Company tests whether goodwill has suffered any impairment on an annual basis. For the 2021 and 2020 reporting periods, the recoverable amount of the Group was determined based on value-in-use calculations, by Cash Generating Units ('CGU's' hereon), excluding any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance. CGU's have been allocated goodwill based on the historic net asset balances of each CGU in the Company when the goodwill was created.

For the purpose of annual impairment testing, goodwill is allocated to the CGU expected to benefit from the synergies of the business combinations in which the goodwill arises.

Growth rates and cash flow

Cash flows are based on projections from financial budgets approved by management covering a five-year period, with 2021 reflecting lower sales demand and the assumption of returning to a pre-pandemic 2019 sales platform by 2023, followed by 3% sales growth thereafter, and operating expenses increasing 3% per year from 2022. Cash flows beyond the five-year period are extrapolated using a long-term growth rate of 1.2%, based on using a terminal value of UK GDP. These growth rates are consistent with forecasts included in industry reports specific to the industry the Company operates in.

Management's key assumptions include stable profit margins, based on past experience in this market and believes this is the best available input for forecasting this mature market. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

Discount rates

The estimated cash flows are discounted using a pre-tax discounted rate based upon the Company's estimated weighted average cost of capital of 9.81%. The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each CGU.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2021	92	780	872
Additions	1	32	33
Disposals	-	(5)	(5)
At 31 December 2021	<u>93</u>	<u>807</u>	<u>900</u>
Depreciation			
At 1 January 2021	83	645	728
Charge for the year	3	55	58
Charged on disposals	-	(3)	(3)
At 31 December 2021	<u>86</u>	<u>697</u>	<u>783</u>
Net book value			
At 31 December 2021	<u>7</u>	<u>110</u>	<u>117</u>
At 31 December 2020	<u>9</u>	<u>135</u>	<u>144</u>

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Right-of-use assets

This note provides information for leases where the Company is lessee.

Right-of-use assets recognised in the Statement of Financial Position:

	Plant and Machinery £000	Motor Vehicles £000	Long term leasehold property £000	Fixtures and fittings £000	Total £000
Cost					
At 1 January 2021	49	189	755	21	1,014
Additions	-	177	-	-	177
At 31 December 2021	49	366	755	21	1,191
Depreciation					
At 1 January 2021	19	152	180	10	361
Charge for the year	9	83	90	5	187
At 31 December 2021	28	235	270	15	548
Net book value					
At 31 December 2021	21	131	485	6	643
At 31 December 2020	30	37	575	11	653

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Right of Use assets (continued)

Nature of leases

The Company has leases for the main warehouse, office building and related facilities, plant and machinery (including forklift trucks and photocopiers), fixtures and equipment (including hot drinks machines and a compactor) and also motor vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the Statement of Financial Position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its Property, Plant and Equipment (see note 16).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and warehouse premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

Lease liabilities included in the Statement of Financial Position:

	2021	2020
	£000	£000
Lease liabilities		
Current	169	130
Non-current	512	548
	681	678

Additions to the right-of-use assets during the 2021 financial year were £177,000 (2020: £16,000).

At 31 December 2021 the Company had not committed to any leases which had not yet commenced at the date of the Statement of Financial Position.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Right of Use assets (continued)

The Statement of Comprehensive Income shows the following amounts relating to leases:

	2021	2020
	£000	£000
Depreciation charge of right-of-use assets		
Plant and machinery	9	11
Motor vehicles	83	82
Long term leasehold property	90	98
Fixtures and fittings	5	5
	<u>187</u>	<u>196</u>
	<u><u>187</u></u>	<u><u>196</u></u>
	2021	2020
	£000	£000
Interest expense on lease liabilities (note 12)	45	41
	<u>45</u>	<u>41</u>
	<u><u>45</u></u>	<u><u>41</u></u>

The total cash outflow for leases in 2021 was £222,000 (2020: £235,000), split as follows:

- cash payments £177,000 (2020: £194,000) for the principal portion of the lease liabilities
- cash payments £45,000 (2020: £41,000) for the interest portion of the lease liabilities

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2021	496
At 31 December 2021	496
Impairment	
At 1 January 2021	237
At 31 December 2021	237
Net book value	
At 31 December 2021	259
At 31 December 2020	259

The investments of £259,000 at 31 December 2021 relate to the subsidiary undertakings Tensator FZE and Tensator North America Inc. The Directors believe that the carrying value of these investments is supported by their underlying net assets.

The carrying value of the investment in Tensator SAS was written down from £237,000 to £nil at 31 December 2018 as the Directors considered there had been a permanent impairment in the value of the underlying assets.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
Tensator North America Inc	a	1	100%
Tensator Inc *	a	2	100%
Tensator FZE	b	2	100%
Tensator SAS	c	2	100%
Tensator Iberia SL	d	3	100%

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Investments (continued)**Subsidiary undertakings (continued)****Key**

- a - 260 Spur Drive South Bay Shore, New York, 11706 USA
- b - Airport Free Zone, L.I.U H22, PO Box 54702, Dubai, UAE
- c - 2 rue Edmond Michelet, 93360 Neuilly, Plaisance, France
- d - Avenida de la Industria, 28108, Alcobendas, Madrid, Spain
- 1 - The holding Company for Tensator Inc
- 2 - Distribution and sales of queue systems, queue solutions and retail display products
- 3 - Dormant
- * - 100% of the shares are held by Tensator North America Inc

During the year the Company received dividends of £226,000 (2020: £nil) from Tensator FZE.

19. Stocks

	2021	2020
	£000	£000
Raw materials and consumables	1,076	1,047
Work in progress	28	49
	1,104	1,096
	1,104	1,096

As at 31 December 2021, a provision against stock of £161,000 was recognised on the Statement of Financial Position in respect of slow-moving and obsolete stock (2020: £201,000).

20. Debtors

	2021	2020
	£000	£000
Trade debtors	499	232
Amounts owed by group undertakings	43,315	42,517
Other debtors	92	94
Prepayments and accrued income	146	146
Deferred tax asset (see note 24)	106	114
	44,158	43,103
	44,158	43,103

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Debtors (continued)

Trade debtors and Amounts owed by group undertakings are stated after provisions for impairment of £1,180,000 (2020: £395,000 in respect of Amounts owed by group undertakings).

Amounts owed by group companies are unsecured, have no fixed date of repayment and are repayable on demand. Of the total amounts included within Amounts owed by group companies, £8,745,000 (2020: £8,472,440) relates to a loan made to Tensator Inc and is subject to 4% interest charge per annum, payable monthly. The remaining balance of £34,570,000 (2020: £34,044,000) relates to a trading balance. This transaction was carried out under normal commercial terms and interest is not charged. These undertakings are unsecured and repayable on demand.

21. Cash and cash equivalents

	2021	2020
	£000	£000
Cash at bank and in hand	199	909
	<u>199</u>	<u>909</u>

22. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	862	1,098
Amounts owed to group undertakings	11,481	11,433
Corporation tax	158	157
Other taxation and social security	65	93
Lease liabilities	169	130
Other creditors	55	113
Accruals and deferred income	359	669
	<u>13,149</u>	<u>13,693</u>

Amounts owed to group undertakings relate to trading balances. These balances are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

23. Creditors: Amounts falling due after more than one year

	2021	2020
	£000	£000
Lease liabilities	512	548
	<u>512</u>	<u>548</u>

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Deferred tax asset

	2021 £000	2020 £000
At beginning of year	114	98
Charged to profit or loss	-	16
Utilised in year	(8)	-
At end of year	<u>106</u>	<u>114</u>

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	97	94
Other timing differences	9	20
	<u>106</u>	<u>114</u>

25. Provisions

	Warranty Provision £000
At 1 January 2021	50
Utilised in year	(22)
At 31 December 2021	<u>28</u>

The Company accrues for the estimated cost of the warranty on its products, this warranty being up to two years and is in respect of any potential defects and also products that may need to be replaced.

There is no specific timing as to when the warranty will be utilised.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

26. Share capital

	2021	2020
	£000	£000
Allotted, called up and fully paid		
85,001 (2020 - 85,001) Ordinary shares of £1.00 each	85	85
	<u>85</u>	<u>85</u>

The Company has one class of ordinary share, this carries with it voting rights but no right to fixed income.

27. Reserves**Share premium account**

The Share premium account relates to the excess consideration paid over the nominal value of shares issued, less transaction costs.

Capital redemption reserve

The Capital redemption reserve reflects the value of shares redeemed by the Company from distributable profits.

Retained earnings

Retained earnings represent accumulated profits and losses of the Company, less the payment of dividends

28. Contingent liabilities

The Company has granted cross-guarantees secured by a debenture in favour of Prudential Insurance Company of America, and its related entities, guaranteeing the obligations of Tensator Holdings Limited and its subsidiaries in respect of secured loans with an aggregate outstanding balance of \$14,700,000 at 31 December 2021 (2020: \$16,200,000).

The Company has a contingent liability under guarantee issued on its behalf in favour of HSBC UK Bank plc for £37,000 (2020: £262,000).

The Company has provided a guarantee of £125,000 (2020: £425,000) in favour of HSBC UK Bank plc in respect of facilities provided at the reporting date.

29. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions or balances with entities which form part of the wholly-owned group headed by Prudential Financial, Inc.

TENSATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

30. Subsequent events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The directors have taken account of these potential impacts in their going concern assessments.

31. Controlling party

The immediate parent undertaking is Tensator Group Limited, a Company incorporated in England and Wales.

The ultimate parent undertaking, controlling party and the largest group to consolidate these financial statements at 31 December 2021 is Prudential Financial, Inc. a Company registered in the State of New Jersey and listed on the New York Stock Exchange. The consolidated financial statements of Prudential Financial, Inc. can be obtained from Prudential Financial, Inc., Investor Relations, 751 Broad Street, Newark, NJ 07102 USA.

Tensator Holdings Limited, a Company incorporated in England and Wales is the parent undertaking of the smallest group to consolidate these financial statements at 31 December 2021. The consolidated financial statements of Tensator Holdings Limited are publicly available from Companies House or can be obtained from Unit 7, Danbury Court, Linford Wood, Milton Keynes, MK14 6TS.