

Company Registration No. 03049081 (England and Wales)

CYNERGY3 COMPONENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

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CYNERGY3 COMPONENTS LIMITED

COMPANY INFORMATION

Directors	F E Devita
	M G Freve
Company number	03049081
Registered office	7 Cobham Road, Ferndown Industrial Estate Wimborne United Kingdom BH21 7PE

CYNERGY3 COMPONENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Fair review of the business and future developments

Reed Relays

Reed relays revenue grew by 17% in 2022. High Voltage reed relay sales growth continued to be fuelled by medical applications in addition to a new application in railway HF communications in Asia.

HF relays, typically used in military communications were down 10% on prior year, partially affected by lower military projects and material shortages on some components used in the relays.

Liquid Level and Flow Sensors

Fluid sensor products revenue grew by 14%. This increase in revenue was driven by price increases which were the result of material price increases imposed on Cynergy3 Components Ltd. Catalogue distribution, serving the diffused smaller customer base continues to grow.

Principal risks and uncertainties

The Company seeks to minimise the risk of losing customers by continuing its strategy of adding value to its products through innovative engineering, excellent customer service and strong relationships with major customers.

The Company also seeks to understand the markets in which it trades and will adapt its focus and strategy accordingly.

The Company is following Brexit developments and has considered the impact of the UK's departure from the EU on the Company. The directors do not consider it necessary to take any action until the potential outcome becomes clearer.

Key performance indicators

The turnover of Company increased in 2022 by 19% from £12.29m to £14.62m. The increase in sales being attributable to the increase in RF reed relay sales. The Company's trading resulted in an overall profit before taxation of £3,680k which is up 38% from last year's profit of £2,663k.

During 2022 we have spent £42k (2021: £258k) on capital items with a further spend of £100k planned for 2023. This increased expenditure is as a result of our strategy of a) Focusing our engineering efforts and is required to support new design in opportunities. b) Increase our productivity through increased automation.

The directors also monitor cash closely and there has been a decrease in the bank balance of £793k (2021: £269k decrease) in the year to a closing balance of £2,294k (2021: £3,087k).

The Company has investments that ceased trading, consequently the value of fixed asset investments has been impaired resulting in a £1.38m charge.

CYNERGY3 COMPONENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risk management objectives and policies

The company uses various financial instruments which include cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are credit risk, price risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash balances are limited. The directors continue to closely monitor bank credit worthiness. Additional credit risk arises from trade debtors. To manage credit risk, management monitor customer balances closely, using recent payment history and aged balances to determine the trading relationship going forward.

Price risk

The company is exposed to price risk for the purchase of materials used in the manufacturing process. The company monitors the price of raw material, particularly rare earth materials, and purchases in bulk wherever possible.

Interest rate risk

The company finances its operations through retained profits and cash resources. The company's cash assets are held in floating interest rate accounts. Trade debtors and creditors do not attract interest and are therefore not subject to interest rate risk.

On behalf of the board


M G Freve
Director

11 October 2023

CYNERGY3 COMPONENTS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company continued to be that of designing, developing, marketing, and manufacturing electronic components.

Directors

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

F E Devita (Appointed 1 October 2020)

M G Freve (Appointed 1 October 2020)

Results and dividends

The results for the year are set out on page 7.

No Ordinary dividends were paid in the year £Nil (2021: £Nil). The directors do not recommend payment of a dividend.

Qualifying third party indemnity provisions

The company has made qualifying third-party indemnity provisions for the benefit of its director during the year. These provisions remain in force at the reporting date.

Strategic report

The company has chosen in accordance with Companies Act 2006, 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 future developments and key performance indicators.

On behalf of the board



M G Freve
Director

11 October 2023

CYNERGY3 COMPONENTS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Strategic Report and the Director's 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 director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

CYNERGY3 COMPONENTS LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	14,618,269	12,293,280
Cost of sales		(8,598,559)	(7,944,773)
Gross profit		6,019,710	4,348,507
Distribution costs		(888,485)	(840,783)
Administrative expenses		(194,406)	(857,463)
Other operating income		10,385	12,318
Operating profit	6	4,947,204	2,662,579
Interest receivable and similar income	7	116,692	3
Interest payable and similar expenses		-	-
Impairment fixed asset investments	10	(1,383,485)	-
Profit before taxation		3,680,411	2,662,582
Tax on profit	8	168,377	(64,920)
Profit for the financial year		3,848,788	2,597,662
Retained earnings brought forward		11,557,049	8,959,387
Dividends		-	-
Retained earnings carried forward		15,405,837	11,557,049

CYNERGY3 COMPONENTS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	9		542,268		823,144
Investments	10		871,030		2,254,515
Deferred Tax	14		48,872		31,395
			<u>1,462,170</u>		<u>3,109,054</u>
Current assets					
Stocks	11	1,961,968		1,416,237	
Debtors	12	12,276,369		6,104,232	
Cash at bank and in hand		2,293,864		3,087,278	
			<u>16,532,201</u>		<u>10,607,747</u>
Creditors: amounts falling due within one year	13	<u>(2,088,534)</u>		<u>(1,659,752)</u>	
Net current assets			<u>14,443,667</u>		<u>8,947,995</u>
Total assets less current liabilities			<u>15,905,837</u>		<u>12,057,049</u>
Provisions for liabilities			-		-
Net assets			<u>15,905,837</u>		<u>12,057,049</u>
Capital and reserves					
Called up share capital	16		500,000		500,000
Profit and loss reserves	17		15,405,837		11,557,049
Total equity			<u>15,905,837</u>		<u>12,057,049</u>

The directors consider that the company is entitled to exemption from requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibility for complying with requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue 11 October 2023 on behalf of the board by:


M G Freve
Director

CYNERGY3 COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Cynergy3 Components Limited is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is 1 London Street, Reading, United Kingdom, RG1 4PN. The principal place of business is Ferndown Industrial Estate, 7 Cobham Rd, Wimborne BH21 7PE.

The company's principal activities are disclosed in the Director's Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

Comparative 2023 numbers have been adjusted to properly reflect the group relief of current tax, resulting in a decrease of tax on profit with £394,076. Consequently, creditors and profit and loss reserve have also changed.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Cynergy3 Components Limited is a wholly owned subsidiary of Cynergy 3 Limited. The results of Cynergy3 Components Limited are included in the consolidated financial statements of the ultimate parent company Sensata Technologies Holding Plc.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

CYNERGY3 COMPONENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Intangible fixed assets goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

Tangible fixed assets

Tangible fixed assets are measured at cost net of depreciation and any impairment losses.

Depreciation is recognised to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings leasehold	4 years straight line
Plant and machinery	5 years straight line
Fixtures, fittings and equipment	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial, and financial feasibility can be demonstrated.

Fixed asset investments

Interests in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises *direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.*

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

CYNERGY3 COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

CYNERGY3 COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight-line basis over the term of the relevant lease.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

CYNERGY3 COMPONENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock impairment

Stock is held at the lower of cost and net realisable value. The net realisable value is estimated based on the expected sales price for each item. A provision is recognised for any stock items held in excess of net realisable value. Slow moving stock items are also included in the provision based on the age of these items. At year end a total provision of £360,158 has been recognised. This method involves management estimation as the selling price for these items and the timing of future sales is uncertain.

Impairment of fixed asset investments

The company holds investments of £1,383,485 as detailed in note 13. The investments are reviewed for impairment on an annual basis. Impairment is calculated by estimating the future cash flows discounted at a suitable rate to ascertain the recoverable amount. Where the recoverable amount is lower than book value an impairment is recognised. Based on the analysis performed management have impaired fixed asset investments by £871,030 from £2,254,515.

3 Turnover

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by class of business		
Sale of goods	14,618,269	12,293,280
	<u>14,618,269</u>	<u>12,293,280</u>
	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	3,562,796	2,863,950
Rest of Europe	3,046,422	1,941,518
United States of America	4,112,667	4,646,599
Rest of World	3,896,384	2,841,213
	<u>14,618,269</u>	<u>12,293,280</u>

CYNERGY3 COMPONENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

4 Employees

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

	2022	2021
	Number	Number
Manufacturing	87	87
Research and development	7	7
Sales and administration	12	12
	<u>106</u>	<u>106</u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	3,259,763	3,132,754
Social security costs	331,530	309,607
Pension costs	129,159	130,629
	<u>3,720,452</u>	<u>3,572,990</u>

5 Director's remuneration

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to Nil (2021: Nil).

6 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(587,231)	91,399
Depreciation of owned tangible fixed assets	322,394	356,325
Cost of stocks recognised as an expense	3,836,866	3,160,142
Operating lease charges	224,612	201,523
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to a gain of £587,231 (2021 - a loss of £91,399).

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	<u>116,692</u>	<u>3</u>

CYNERGY3 COMPONENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	-	-
Adjustments in respect of prior periods	150,900	(151,199)
Total current tax	<u>150,900</u>	<u>(151,199)</u>
Deferred tax		
Origination and reversal of timing differences	5,748	37,623
Changes in tax rates	11,729	6,482
Adjustment in respect of prior periods	-	42,174
Total deferred tax	<u>17,477</u>	<u>86,279</u>
Total tax income/(charge)	<u>168,377</u>	<u>(64,920)</u>

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	<u>3,680,411</u>	<u>2,662,582</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(699,278)	(505,891)
Impairment not taxable	(262,862)	-
Group relief	962,140	505,891
Effect of change in corporation tax rate	11,729	6,482
Origination and reversal of timing differences	5,748	37,623
Deferred tax adjustments in respect of prior years	-	42,174
Current tax adjustments in respect of prior years	150,900	(151,199)
Total tax income/(charge) for the year	<u>168,377</u>	<u>64,920</u>

CYNERGY3 COMPONENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

9 Tangible fixed assets

	Land and buildings leasehold	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 January 2022	501,075	5,204,662	665,550	6,371,287
Additions	6,271	29,076	6,171	41,518
Disposals	-	-	-	-
At 31 December 2022	<u>507,346</u>	<u>5,233,738</u>	<u>671,721</u>	<u>6,412,805</u>
Depreciation				
At 1 January 2022	405,246	4,526,720	616,177	5,548,143
Depreciation charged in the year	34,525	256,895	30,974	322,394
Disposals	-	-	-	-
At 31 December 2022	<u>439,771</u>	<u>4,783,615</u>	<u>647,151</u>	<u>5,870,537</u>
Carrying amount				
At 31 December 2022	<u>67,575</u>	<u>450,123</u>	<u>24,570</u>	<u>542,268</u>
At 31 December 2021	<u>95,829</u>	<u>677,942</u>	<u>49,373</u>	<u>823,144</u>

10 Fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2022	2,254,515
Impairment	(1,383,485)
At 31 December 2022	<u>871,030</u>
At 31 December 2021	<u>2,254,515</u>

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Cynergy3 Components Fab Limited	a)	Dormant	Ordinary	100.00	-
Impress Sensors and Systems Limited	a)	Production of sensors	Ordinary	100.00	-

a) 7 Cobham Road, Ferndown Industrial Est, Wimborne, Dorset. BH21 7PE.

CYNERGY3 COMPONENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

11 Stocks

	2022	2021
	£	£
Raw materials and consumables	1,356,059	655,259
Work in progress	386,718	506,277
Finished goods and goods for resale	219,191	254,701
	<u>1,961,968</u>	<u>1,416,237</u>

Raw materials include £557,490 (2021: £98,986) of rhodium recognised at the lower of cost and net realisable value on a first in first out basis. Based on the prevailing market value of rhodium at the year end, the replacement cost of the stock holding as at 31 December 2022 is estimated to be £2,839,638 (2021: £2,389,500).

Stock includes an impairment of £360,157 (2021: £459,905).

12 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	2,126,853	1,098,445
Amounts owed by group undertakings	857,586	333,183
Amounts owed by undertakings in which the company has a participating interest	9,137,066	4,441,970
Other debtors	58,217	140,392
Prepayments and accrued income	96,647	90,242
	<u>12,276,369</u>	<u>6,104,232</u>

13 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	922,510	936,782
Amounts due to group undertakings	385,396	36,116
Other taxation and social security	-	-
Accruals and deferred income	780,628	686,854
	<u>2,088,534</u>	<u>1,659,752</u>

Other tax and social security include amounts that are secured against £20,000 (2021: £20,000) of bank balances included within cash at bank and in hand.

CYNERGY3 COMPONENTS LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Deferred tax

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Asset 2022 £	Asset 2021 £
Balances:		
Accelerated capital allowances	<u>48,872</u>	<u>31,395</u>
Movements in the year:		2022 £
Asset at 1 January 2022		31,395
Origination and reversal of timing differences		5,748
Changes in tax rates		<u>11,729</u>
Asset at 31 December 2022		<u>48,872</u>

The deferred tax asset set out above is expected to reverse in the foreseeable future and relates to accelerated capital allowances that are expected to mature within the same period.

15 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>129,159</u>	<u>130,629</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2022 £	2021 £
Ordinary share capital Issued and fully paid		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>500,000</u>

Each ordinary share carries the right to one vote at general meetings of the company, has full rights to dividends and has specific rights to capital sale or liquidation.

CYNERGY3 COMPONENTS LIMITED
SCHEDULE OF ADMINISTRATIVE EXPENSES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

17 Reserves

Profit and loss reserves

Retained earnings of the company represent cumulative profit and loss net of distributions to owners.

18 Financial commitments, guarantees and contingent liabilities

The company, together with other group companies, have acted as guarantors in respect of amounts owed by Cynergy3 Property Limited, a fellow group company, to National Westminster Bank PLC. At the reporting date an amount of £Nil (2021: £Nil) was included in the guarantee.

19 Operating lease commitments

Lessee

At the reporting end date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	227,862	198,818
Between one and five years	619,463	586,694
	<u>847,325</u>	<u>785,512</u>

20 Related party transactions

During the year, purchases of £141,741 (2021: £53,553) and sales of £2,006 (2021: £6,243) were made to Industrial Interface Limited, a fellow subsidiary of the group. At the year end the company owed £Nil (2021: £5,866) to Industrial Interface Limited.

During the year, purchases of £250,952 and sales of £1,246,296 were made to the Sensata Group of Companies, fellow subsidiaries of the group. At the year-end the Sensata Group of Companies were owed £13,048 and owed to Cynergy3 Components Ltd £865,897.

21 Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking and controlling party is Sensata Technologies Holding Plc., a company registered in England and Wales.