

Company Registration No. 001781529

Denso Automotive UK Limited.

Annual Report and Financial Statements

For the year ended 31 March 2023



Denso Automotive UK Limited.
Company Registration No. 001781529

Report and financial statements 2023

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Denso Automotive UK Limited.
Company Registration No. 001781529

Report and financial statements 2023

Officers and professional advisers

Directors

A Richards
Y Ishizuka

Company Secretary

G Dekker, resigned 1st June 2023
P P van Roermund, appointed 1st June 2023

Bankers

Citibank NA

Solicitors

Pinsent Masons
Spratt Endicott
Guardian Law Ltd

Registered office

Eden Road
Walsgrave Triangle
Coventry
CV2 2TB

Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Denso Automotive UK Limited.

Company Registration No. 001781529

Strategic report

The directors present their Strategic report for the year ended 31 March 2023 in accordance with section 414C of the Companies Act 2006.

Principal activities

The company acts as the UK agent for DENSO Europe B.V. of The Netherlands. The company provides sales and engineering development services for UK-based automotive manufacturers and into the aftermarket. DENSO Europe B.V. pays a service charge to the company covering all expenses plus a margin of 5% for all activities.

Business review

In the year to 31 March 2023 the company recorded a profit after taxation of £776,000 (2022 restated: loss of £395,000), as shown in the statement of income and retained earnings on page 12. The net impact of profit after tax and the distribution led to an increase of the company's equity at the year end with net assets of £8,702,000 as compared to £8,416,000 in 2022.

In relation to the cost efficiency programme, Reborn 21, there was one significant event during the year. This was the closure of one of the offices based in Coventry, which has also resulted in a new refurbished site and all staff working on a hybrid pattern.

Key performance indicators

To measure the success of the company strategy, the company uses the following financial key performance indicators ("KPIs"), sales and operating profit. These financial KPIs are used to measure performance compared to budget. The KPIs are evaluated at European parent company level and used as the principal quantitative elements in incentive programmes for senior management. Further financial and non-financial KPIs are also used in each of the businesses, but these are tailored to the particular requirements and characteristics of each business.

Macro Environment Impact

The business remains very much focused on the cost of living increases, brought about by higher rates of inflation and an increased energy bill. We have maintained initiatives to reduce energy consumption and ensure the building is being run in the most economical way.

Future Developments

The automotive market is subject to significant influences from various dimensions, such as the technological dimension (increased emphasis on the fuel consumption of automobiles, the further development of hybrid technology, the full electric powertrain and the hydrogen powertrain), regulatory dimension (with focus on emission standards and fuel consumption) as well as the social dimension (where a shift may occur on the view of nature and necessity of required mobility).

The company has recognised these developments and is engaged in determining its long-term strategy (ranging from continuation on the development and/or enhancement of current technology (fuel consumption, emission control, hybrid technology) as well as the development of new technology for future markets).

Climate Change

DENSO has pledged its support to tackling climate change by taking the following actions:

- Contribute to an eco-friendly and sustainable society by reducing environmental burden and realizing highly efficient mobility
- Provide technologies to prevent global warming and solve issues related to energy and resources, thereby contributing to the sustainability of the global environment
- Continue to be a company that grows together with society as well as complying with laws and regulations
- Contribute to a society that shares the wisdom and blessings of nature through corporate activities that aim for a peaceful coexistence with nature

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Strategic report

Principal risks and uncertainties

The directors believe that the company is soundly placed with its current activities and it is their intention to continue to develop them and to grow the business accordingly. The company operates in a challenging market and therefore competitive pressure is a continuing risk to the company. The company mitigates this risk by continually bidding to secure future business from the car manufacturers and to obtain new business where possible.

The company is also exposed to certain financial risks, notably liquidity risk, credit risk, currency risk and interest rate risk. The directors believe that the company's liquidity risk is mitigated because the company's sole customer, DENSO Europe B.V. typically pays the company in advance of it incurring expenses, as well as by the company's participation in group cash pooling arrangements. The directors believe that the company's credit risk is mitigated because most debtors are due from other group companies which the directors believe are able to repay these balances if required. The directors do not consider currency risk or interest rate risk to be material to the business.

Section 172 Statement

As a Board we acknowledge the importance of active engagement with all stakeholders and we continually strive to interact with and inform them.

When making decisions for the long-term future of the company and for the benefit of its members, the Directors and senior management team take care to ensure that the consequences, both short terms and long term, are fully considered for each of the different stakeholder groups.

Stakeholder Engagement

We recognize a wide range of stakeholders, including employees, customers, suppliers, the local community, our ultimate parent company in Japan and the intermediate management centre in Europe, to which we report on a day-to-day basis. The Directors and senior management team strive to balance the needs of all of these groups and where such needs occasionally conflict, to act fairly and consistently. We take feedback from our employees and strive to engage in quality two-way communication with them. We work closely with key suppliers and customers, to ensure clarity of purpose and fairness in our commercial dealings, maintaining the highest ethical standards.

Our people

We recognize the benefits of training and developing our employees, both for their own motivation and advancement, and for the benefit of other stakeholders that they interact with. Our focus of UN Sustainable Development Goals (number 4, Quality Education), allows us to ensure that employees receive good quality training to assist in their current role and future opportunities. This can be done in the form of face to face training by external providers or online, including using the employee portal DENSO 4 People, to access extensive training materials.

With regards to recognition, employee contributions are celebrated and staff are rewarded through Long Service Awards.

Town Hall Meetings are held twice a year to keep them informed of changes in the business and to share new items with them. We have introduced Skip level discussions, where staff meet directly with the Managing Director and can ask any questions or raise concerns.

We have been awarded Silver accreditation for Thrive at Work, with a particular focus on health and well being.

Our Suppliers

We engage with our suppliers regularly to ensure that good quality and performance is received. Where one off projects are undertaken, this is sent out for tender and the most reliable and competitive is chosen, in line with business needs. Please refer to Business Review section, regarding Reborn 21 activities and contractors.

Strategic report

Our Customers

Under the DENSO pillar of 'Quality', the Directors drive the company to deliver against all customer requirements, providing the highest level of quality and customer service. In July 2023, we received the JLR 2023 Supplier Excellence Award for its top performance as a supplier and for exemplifying JLR's core value of "Unity". This has strengthened our relationship with them.

Our Community

We support local charities in various ways, organizing events and collecting charitable donations.

As a company we are committed to hold ourselves to the highest ethical standards, to interact in an open honest and positive manner and be guided by what is right. By working together in this manner, with trust and honesty, we ensure fairness to all.

Our reputation

Strong brand and reputation differentiate us in the competitive market place. We hold ourselves, our employees and our business partners to high standards, embodied in the set of our corporate values. These values promote a culture and business interactions based being Agile, Reliable, Innovative, with a Caring culture that puts Safety first, delivering through Teamwork and acting with Integrity.

We build and maintain our reputation in our day-to-day activities, engaging proactively with our customers, suppliers, employees and other stakeholders, anticipating potential issues and proceeding to a timely resolution. We deliver on our promises and we lead by example.

Approved by the Board of Directors
and signed on its behalf by:



A Richards
Director

21 June 2024

Denso Automotive UK Limited.

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2023.

The directors include information on risks and uncertainties in the Strategic report which is required by regulations to be disclosed in the Directors' report as the directors consider this information is of strategic importance to the company.

Dividend

The directors proposed a dividend payment of £466,000. (2022: £490,000). The prior year amount of £490,000 was paid out in March 2023.

Going concern

A review of business performance, together with a description of the company's principal risks and uncertainties is set out in the Strategic Report. The directors have made an assessment of the company's going concern position considering a period of at least 12 months from the date of approval of these financial statements. This assessment, taking into account reasonably possible changes in trading performance, shows that the company has adequate resources to support its operations.

The directors have considered the fact that the company's sole customer, DENSO Europe B.V. pays a service charge to the company covering all expenses plus a margin of 5% for all activities, which makes it certain that the company would make a profit. The directors have also considered that DENSO Europe B.V. typically pays the company in advance of it incurring expenses and the company participates in group cash pooling arrangements in which DENSO Europe B.V. owed it a net amount of £2,755,176 at 31 March 2023 and a net amount of £3,215,802 at 31st May 2024. The directors have considered the financial position of DENSO Europe B.V. and are satisfied that all amounts due to the company are recoverable.

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

Directors

The directors who served throughout the year and subsequently were as follows:

A Richards (English)

Y Ishizuka, appointed 18 July 2023 (Japanese)

T Fukui, resigned 1 June 2023 (Japanese)

Directors' Indemnities

The company has made qualifying third party indemnity provision for the benefit of its directors which were made during the year and remain in force at the date of this report.

Donations

The company made one donation to Feed the Hungry foodbank. This matched employee contributions of £450. There were no donations in the prior year.

Post balance sheet events

Refer to note 19 for details of post balance sheet events.

Financial risk management

The company's financial risk management policies and principal risks are disclosed within the Strategic Report on page 3.

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Directors' report

Research and Development

In principle research and development activities are performed by the ultimate parent company and group companies.

The local research and development activities are limited to services meeting specific customer requirements in the European car industry. Such services are provided in relation to both products manufactured in Japan and in Europe.

Engagement with Suppliers, Customers and Others

Details of this are disclosed within the Strategic Report.

Future developments

Details of future developments have been disclosed within the strategic report on page 2

Employee consultation

The company's policy is to consult and discuss with employees, through unions, staff councils or at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Climate Impact: Environmental matters

The Company's business does not have a significant direct impact on the environment. However, the Company recognises the importance of its responsibilities to reduce environmental impact in areas such as energy usage, recycling or environmentally-friendly products. In these areas the Company operates in accordance with the policies of Denso Corporation's policies.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

Denso Automotive UK Limited.

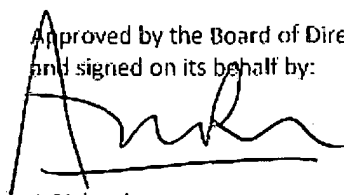
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Directors' report

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A Richards', written over a horizontal line.

A Richards
Director

21 June 2024

Denso Automotive UK Limited.

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Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Denso Automotive UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Denso Automotive UK Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the balance sheet; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We 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 Financial Reporting Council's (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

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the members of Denso Automotive UK Limited (continued)

Responsibilities of directors

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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of Denso Automotive UK Limited (continued)

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

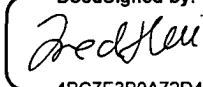
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Fred Hui, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory auditor
London, United Kingdom
21 June 2024

Denso Automotive UK Limited.

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Statement of income and retained earnings For the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000 Restated
Turnover	2	15,545	15,404
Cost of sales		-	-
Gross profit		15,545	15,404
Administrative expenses		(14,566)	(15,323)
Other operating expenses	3	-	(135)
Loss on disposal of fixed assets		(3)	(222)
Impairment on fixed assets		-	(632)
Other operating income		-	59
Operating profit / (loss)		976	(849)
Other non-operating income		61	2
Interest receivable and similar income	7	175	341
Interest payable and similar expenses	8	(249)	(8)
Profit / (loss) before taxation	4	963	(514)
Tax credit / (charge) on profit	9	(187)	119
Profit / (loss) after taxation and total comprehensive income		776	(395)
Retained earnings at the beginning of the year		3,519	4,846
Dividends paid		(490)	(932)
Retained earnings at the end of the year		3,805	3,519

All results are derived from continuing operations.

Denso Automotive UK Limited.

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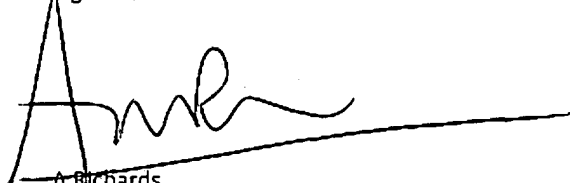
Balance sheet

As at 31 March 2023

	Notes	2023 £'000	2022 £'000 Restated
Fixed assets			
Intangible assets	10	127	127
Tangible assets	11	8,089	7,600
		<u>8,216</u>	<u>7,727</u>
Current assets			
Debtors	12	9,825	8,473
		<u>9,825</u>	<u>8,473</u>
Creditors: amounts falling due within one year	13	(8,753)	(7,020)
Net current assets		<u>1,072</u>	<u>1,453</u>
Total assets less current liabilities		<u>9,288</u>	<u>9,180</u>
Provision for liabilities	14	(586)	(764)
Net assets		<u>8,702</u>	<u>8,416</u>
Capital and reserves			
Called up share capital	15	4,897	4,897
Profit and loss account		3,805	3,519
Shareholders' funds		<u>8,702</u>	<u>8,416</u>

The financial statements of Denso Automotive UK Limited registered number 001781529 were approved by the Board of Directors on 21 June 2024

Signed on behalf of the Board of Directors



A Richards
Director

Denso Automotive UK Limited.

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Notes to the financial statements For the year ended 31 March 2023

1. Accounting policies

Denso Automotive UK Limited (the company) is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The principal activities of the company and the nature of the company's operations are set out in the strategic report on page 2.

Basis of accounting

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and prior year.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in relation to financial instruments, presentation of a cash flow statement, key management remuneration and related party transactions with wholly owned group undertakings.

The company is consolidated in the financial statements of its parent, DENSO Corporation, which may be obtained at denso.com.

The directors' report describes the going concern basis of preparation of the financial statements.

Turnover

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. DENSO Europe B.V. pays a service charge to the company covering all expenses plus a margin of 5% for all activities. Turnover is stated net of VAT.

Government Grants

During the period the Company did not receive any grant income from the government, compared to £32,000 in the prior period.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes the cost directly attributable to making the asset capable of operating as intended. Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, using the straight-line method, as follows:

Plant and equipment	-	10% - 25%
Fixtures and fittings	-	10% - 12.5%
Buildings	-	2.5% - 10%
Leasehold land	-	the term of the lease
Intangible Assets (software)	-	25%

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Notes to the financial statements For the year ended 31 March 2023

1. Accounting policies (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognized

Denso Automotive UK Limited.

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Notes to the financial statements For the year ended 31 March 2023

1. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Foreign currencies

Transactions in foreign currencies are recorded using the average rates of exchange during the year. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in profit and loss.

Leases

Operating leases and the corresponding rental charges are charged to profit and loss on a straight-line basis over the life of the lease.

Research and development

Research and development expenditure is written off as incurred. Research and development expenditure credit becomes receivable in the period in which the expenses are incurred.

Denso Automotive UK Limited.

Company Registration No. 001781529

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Interest Income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amounts charged against profits represent the contributions payable to the scheme in respect of the accounting years.

The disclosure requirements relating to the company's defined contribution pension scheme are set out in note 17 of these financial statements.

Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements or key sources of estimation uncertainty at the balance sheet date.

2. Turnover

Turnover represents service charge from DENSO Europe B.V.

Analysis of turnover by destination:

	2023 £'000	2022 £'000
United Kingdom	-	-
Rest of Europe	15,545	15,404
	<u>15,545</u>	<u>15,404</u>

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Notes to the financial statements (continued)

For the year ended 31 March 2023

3. Other operating expenses

Other operating expenses were nil during the year (2022: £135,000)

4. Profit before taxation

	2023 £'000	2022 £'000
Profit before taxation is stated after charging/(crediting):		
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	43	39
Fees payable to the company's auditor for non-audit services		
- Tax compliance services	65	96
Foreign exchange difference	(170)	341
Depreciation of tangible fixed assets	927	1,103
Lease expense in respect of plant and machinery	765	914
Lease expense in respect of other operating leases	158	328
Loss on disposal of fixed assets	3	243
Impairment on fixed assets	-	632
Other operating income – CJRS*	-	(32)

*Government grant income, which relates to amounts received under the Coronavirus Jobs Retention Scheme (CJRS). There was no grant income in this year.

5. Remuneration of directors

	2023 £'000	2022 £'000
Directors' emoluments	216	174

The aggregate emoluments of the highest paid UK based director were £216,015 (2022: £173,615). Employer pension contributions paid on behalf of the director amounted to £ 19,073 (2022: £22,258).

This does not include any emoluments for the Japanese director, who is remunerated by another group company and does not receive any remuneration for their services to this company.

Notes to the financial statements (continued)
For the year ended 31 March 2023

6. Staff numbers and costs

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

	2023 No.	2022 No.
Sales and distribution	45	47
Engineering	52	67
Administration	31	31
	<u>128</u>	<u>145</u>

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	7,596	8,555
Social security costs	632	743
Pension costs	779	603
	<u>9,007</u>	<u>9,901</u>

7. Interest receivable and similar income

	2023 £'000	2022 £'000
Other interest income	2	-
Interest receivable from group companies	173	5
Net exchange gain on foreign currency transactions	-	336
	<u>175</u>	<u>341</u>

8. Interest payable and similar charges

	2023 £'000	2022 £'000
Interest payable to group companies	70	4
Bank charges	9	4
Net exchange loss on foreign currency transactions	170	-
	<u>249</u>	<u>8</u>

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Notes to the financial statements (continued) For the year ended 31 March 2023

9. Tax on profit

	2023 £'000	2022 £'000 Restated
Analysis of (credit)/charge in year:		
Current tax	-	(171)
Deferred tax	187	52
	<u>187</u>	<u>(119)</u>

Deferred tax (Note 14):

	2023 £'000	2022 £'000 Restated
Origination and reversal of timing differences	157	49
Effect of tax rate changes	-	-
Adjustment in respect of previous years	30	3
Total deferred tax charge	<u>187</u>	<u>52</u>

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation is shown below:

	2023 £'000	2022 £'000 Restated
Profit before taxation	963	(512)
Profit multiplied by standard rate in the UK of 19% (2022: 19%)	183	(97)
Effects of:		
Expenses not deductible for tax purposes	20	109
Income not taxable	(85)	(179)
Prior period adjustment	30	(166)
Tax rate changes	37	109
Depreciation on ineligible assets	-	107
Roundings	2	(2)
Total tax charge/(credit)	<u>187</u>	<u>(119)</u>

On 3 March 2021, the UK Government announced an increase to the UK's main corporation tax rate from 19% to 25%, effective from 1 April 2023. This will increase the company's future current tax charge accordingly. The rate change was substantively enacted on 24 May 2021.

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Notes to the financial statements (continued) For the year ended 31 March 2023

10. Intangible fixed assets

	2023 £'000	2022 £'000 Restated
Cost		
At 1 April 2022	925	1,018
Transfer in	-	-
Additions	58	54
Transfers	7	-
Disposals	(174)	(147)
At 31 March 2023	<u>816</u>	<u>925</u>
Depreciation		
At 1 April 2022	797	842
Transfer In	-	-
Charge for the year	66	100
Disposals	(174)	(145)
At 31 March 2023	<u>689</u>	<u>797</u>
Impairment		
At 1 April 2022	1	-
Charge for the year	-	1
Disposals	(1)	-
At 31 March 2023	<u>1</u>	<u>1</u>
Net book value		
At 31 March 2023	<u>127</u>	<u>127</u>
At 31 March 2022	<u>127</u>	<u>127</u>

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Notes to the financial statements (continued)

For the year ended 31 March 2023

11. Tangible fixed assets

	Plant and equipment £'000 Restated	Fixtures and fittings £'000 Restated	Buildings £'000 Restated	Land £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 1 April 2021	8,006	196	10,100	1,140	17	19,459
Additions	218	16	-	-	642	876
Disposals	(1,142)	(28)	(421)	-	-	(1,591)
At 31 March 2022	<u>7,082</u>	<u>184</u>	<u>9,679</u>	<u>1,140</u>	<u>659</u>	<u>18,744</u>
Depreciation						
At 1 April 2021	5,391	130	5,128	212	-	10,861
Charge for the year	616	18	362	7	-	1,003
Disposals	(1,129)	(22)	(200)	-	-	(1,351)
At 31 March 2022	<u>4,878</u>	<u>126</u>	<u>5,290</u>	<u>219</u>	<u>-</u>	<u>10,513</u>
Impairment						
Charge for the year	5	9	617	-	-	631
Net book value						
At 31 March 2022	<u>2,199</u>	<u>49</u>	<u>3,772</u>	<u>921</u>	<u>659</u>	<u>7,600</u>
At 31 March 2021	<u>2,616</u>	<u>66</u>	<u>4,972</u>	<u>928</u>	<u>17</u>	<u>8,599</u>

The comparative figures have been restated in order to recognize an impairment in relation with Coventry office closure. The company enacted the break clause of the Coventry office lease in January 2022 and office was no longer in use after that date and the net book value of the related fixed assets was not recoverable at 31 March 2022. As a result, on the 31 March 2022 balance sheet, tangible fixed assets have been restated by £631k from £8,231k to £7,600k, intangible fixed assets have been restated by £1k from £128k to £127k, provision for liabilities have been restated by £158k from £922k to £764k, and on the statement of income and retained earnings for the year ended 31 March 2022, impairment on fixed assets has been restated by £632k from nil to £632k, tax credit / (charge) on profit has been restated by £158k from £60k to £218k. Refer to note 20 for details of the restatement of comparative amounts on prior years.

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Notes to the financial statements (continued)

For the year ended 31 March 2023

11. Tangible Fixed Assets (continued)

	Plant and equipment £'000	Fixtures and fittings £'000	Buildings £'000	Land £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 1 April 2022	7,082	184	9,679	1,140	659	18,733
Additions	243	58	38	-	1,093	1,432
Transfers	-	-	1,745	-	(1,745)	(-)
Transfers to Intangibles	-	-	-	-	(7)	(7)
Disposals	(723)	(65)	(1,159)	-	-	(1,947)
At 31 March 2023	<u>6,602</u>	<u>177</u>	<u>10,303</u>	<u>1,140</u>	<u>-</u>	<u>18,211</u>
Depreciation						
At 1 April 2022	4,878	126	5,290	219	-	10,502
Charge for the year	552	15	352	8	-	927
Disposals	(711)	(54)	(542)	-	-	(1,307)
At 31 March 2023	<u>4,719</u>	<u>87</u>	<u>5,100</u>	<u>227</u>	<u>-</u>	<u>10,122</u>
Impairment						
At 1 April 2022	5	9	617	-	-	631
Charge for the year	-	-	-	-	-	-
Disposals	(5)	(9)	(617)	-	-	(631)
At 31 March 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value						
At 31 March 2023	<u>1,883</u>	<u>90</u>	<u>5,203</u>	<u>913</u>	<u>-</u>	<u>8,089</u>
At 31 March 2022	<u>2,199</u>	<u>49</u>	<u>3,772</u>	<u>921</u>	<u>659</u>	<u>7,600</u>

The category of Land is the initial payment to secure the lease of leasehold land that is depreciated over the life of the lease (150 years) with a carrying value of £913,554 (2022: £921,155).

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Notes to the financial statements (continued) For the year ended 31 March 2023

12. Debtors

	2023 £'000	2022 £'000 Restated
<i>Amounts falling due within one year</i>		
Trade debtors	-	1
Amounts owed by group undertakings	9,238	7,257
Other debtors	81	281
Prepayments and accrued income	53	80
Other taxes receivable	172	291
Corporation tax receivable	-	345
R&D expenditure credit	281	218
	<u>9,825</u>	<u>8,473</u>

Amounts owed by group undertakings include £9,209,716(2022: £7,207,350) of short-term loans receivable from DENSO Europe B.V. This receivable forms part of the group cash pooling arrangement.

The company and certain other European Group companies have entered into a cash pooling arrangement with Citibank.

The loan is unsecured and interest was charged at LIBOR less 0.07% for balances denominated in GBP.

For the balances denominated in GBP, the LIBOR rates were replaced by SONIA O/N, with effect from the 1st October 2021. The rate is calculated at SONIA O/N rates less 0.07% for surplus and SONIA plus 0.15% for overdrafts.

The comparative figures have been restated in order to adjust the corporation tax receivable in relation with R&D expenditure credit due to an overstatement in the prior year. Asset figures have been updated based on actual cash collection from HMRC.

As a result, on the 31 March 2022 balance sheet, R&D expenditure credit has been restated by £534k from £752k to £218k, administrative expenses have been restated by £435k from £14,888k to £15,323k, and on the statement of income and retained earnings for the year ended 31 March 2022, tax credit/(charge) has been restated by £99K.

Refer to note 20 for details of the restatement of comparative amounts on prior years.

Notes to the financial statements (continued)
For the year ended 31 March 2023

13. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	358	635
Amounts owed to group undertakings	7,201	5,001
Other taxes and social security	69	88
Accruals and deferred income	1,122	1,296
	<u>8,753</u>	<u>7,020</u>

Amounts owed to group undertakings include £6,454,540 (2022: £5,343,767) of short-term loans payable to DENSO Europe B.V. which forms part of the group cash pooling arrangement.

The company together with certain other European Group companies has entered into a cash pooling arrangement with Citibank.

For the balances denominated in EUR, the EONIA rates were replaced by ESTR, with effect from the 1st October 2021. The rate is calculated at ESTR plus 0.15% per annum. For balances denominated in USD, the LIBOR rates were replaced by SOFR O/N with effect from the 1st January 2022 and were calculated at SOFR O/N rates less 0.07% for surplus and SOFR plus 0.15% for overdrafts.

No interest is received on balances denominated in YEN. These loans are unsecured.

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Notes to the financial statements (continued)

For the year ended 31 March 2023

14. Provision for liabilities

	Dilapidation £'000	Redundancy £'000	Deferred taxation Restated £'000	Total £'000
At start of year, 1 st April 2022	303	62	399	764
Charged to profit and loss in the year	-	-	157	157
Released unused *	(40)	(23)	-	(63)
Utilisation of provision	(263)	(39)	-	(302)
Unwinding of discount	-	-	-	-
Adjustment in respect of prior years	-	-	30	30
As at end of year, 31 March 2023	-	-	586	586

Dilapidation provision includes cost estimate to be paid to landlord for repairs and general wear and tear upon exit of leased office. Payment made in June 2022.

Redundancy provision includes cost for employee who will be leaving after year end but took advantage of redundancy programme offered by the company during restructure of the business.

* Released unused relates to return of initial deposit for the property.

Deferred tax provision:

	2023 £'000	2022 £'000 Restated
Deferred tax liability is made up as follows:		
Capital allowances in excess of depreciation	697	447
Short term timing differences	(111)	(48)
	<u>586</u>	<u>399</u>

The average standard rate of tax applied to reported profit is 19.0% (2022:19.0%).

Corporation tax is calculated at 19.0% (2022:19.0%) of the estimated assessable profit for the year.

On 3 March 2021, the UK Government announced an increase to the UK's main corporation tax rate from 19% to 25%, effective from 1 April 2023. This will increase the company's future current tax charge accordingly. The rate change was substantively enacted on 21 May 2021.

Deferred tax balances at the year-end have been measured at 25%

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Notes to the financial statements (continued) For the year ended 31 March 2023

15. Called up share capital

	2023 £'000	2022 £'000
Authorised: ordinary shares of £1 each	5,000	5,000
Called up, allotted and fully paid ordinary shares of £1 each	4,897	4,897

16. Commitments

Future minimum lease payments under FRS 102 for non-cancellable operating leases are as follows:

	2023		2022	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	137	330	42
In the second to fifth years inclusive	-	534	1,320	982
After five years	-	-	138	-
	-	671	1,788	1,024

17. Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge represents contributions payable to the fund by the company and amounted to £778,928 (2022: £603,012). There were no outstanding or prepaid contributions at either 31 March 2023 or 31 March 2022.

18. Ultimate parent company and controlling entity

The company's immediate parent undertaking is DENSO International Europe BV, a company incorporated and registered in the Netherlands. The ultimate parent company and controlling entity is DENSO Corporation, a company incorporated in Japan.

The smallest and largest group in which the results of the company are consolidated is that headed by DENSO Corporation. Copies of that company's accounts are available from its registered office at the following address: 1-1 Showa-cho, Kariya, Aichi 448-8661, Japan.

19. Post balance sheet events

There have been no significant post balance sheet events.

Notes to the financial statements (continued)
For the year ended 31 March 2023

20. Prior year adjustment

Income statement (extract)

	Year ended 31 March 2022 as reported	Restatement	Year ended 31 March 2022 as restated
	£'000		£'000
Impairment on fixed assets	-	(632)	(632)
Administrative expenses	14,888	435	15,323
Operating profit / (loss)	218	(1,066)	(849)
Profit before tax	553	(1,066)	(514)
Tax credit/(charge) on profit	60	59	119
Profit/(loss) for the year	613	(1,008)	(395)

Statement of financial position (extract)

	Year ended 31 March 2022 as reported	Restatement	Year ended 31 March 2022 as restated
	£'000		£'000
Fixed Assets			
Intangible assets	128	(1)	127
Tangible assets	8,231	(631)	7,600
Debtors	9,007	(534)	8,473
Total assets less current liabilities	10,346	(1,166)	9,180
Provision for liabilities	(922)	158	(764)
Net assets	9,424	(1,008)	8,416
Equity			
Profit and loss account	4,527	(1,008)	3,519
Total equity	9,424	(1,008)	8,416