

**CYNERGY3 COMPONENTS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**

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# CYNERGY3 COMPONENTS LIMITED

## COMPANY INFORMATION

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

# CYNERGY3 COMPONENTS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report for the year ended 31 December 2020.

#### **Fair review of the business and future developments**

Cynergy3 Components Limited ("C3C") is engaged in the design, manufacture and sale of a range of components based on reedswitch technology. These products include Liquid level & flow sensors ("LLS") and high voltage & RF/HF reed relays.

The products are sold world-wide through various sales channels, catalogue & design-in based distribution, representatives & agents as well as direct sales.

#### *Reed Relays*

Reed relays sales grew in 2020 by 17.5%. This increase in sales was due to an increase in sales of its RF reed relays. Historically RF reed relays have represented over 60% of reed relay sales. RF reed relays are predominantly sold into the Military market, which historically goes in cycles. The management of the company, in recent years, have recognised that RF relays sales are unpredictable.

As a result, the focus has been on growing HV reed relays sales. As well as targeting specific OEM markets Cynergy3 has also expanded its product portfolio in this area and introduced new products to its distribution network. As a result, HV reed relay sales have seen double digit growth for the last three years.

#### *Liquid Level Sensors (LLS)*

In 2020 sales decreased by 5%. The focus since 2015 has been to increase our product offering particularly in catalogue distribution. Growth as a result of the successful implementation of this strategy has more than offset the downturn in business from the Oil & Petrochemical industries. Investment in the Oil & Petrochemical industries has dropped off significantly due to the continuingly low level of the price of oil. While an increase in the oil price has seen investment return to the industry, in 2021, we plan to maintain our strategy to increase our product offering into catalogue distribution in 2021. New products are planned for development and will be launched to market during 2021.

Cynergy3 Components Limited had a joint venture with Auro Controls PVT Limited called Cynergy3 Auro Technologies PVT. ("CAT"). CAT currently act as an agent/distributor for the reed-based products in India and are based in Pune. Initially the Joint Venture designed and manufactured a range of controllers that were marketed and sold in conjunction with our liquid level sensors to solve a specific problem in the Indian domestic and industrial water market. This proved to be an unsuccessful venture. The strategy of the Company has since changed. CAT now manufactures and promotes lower specification cost versions of C3C's plastic LLS and custom stainless steel LLS into the Indian market. In 2021 Cynergy3 Components Limited sold their entire 50% holding in the joint venture to the other shareholder Auro Controls PVT Limited the deal was concluded in July 2021.

#### **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.

# CYNERGY3 COMPONENTS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **Key performance indicators**

The turnover of Company increased in 2020 by 9% from £10.37m to £11.29m. The increase in sales being attributable to the increase in RF reed relays sales. The Company's trading resulted in an overall profit before taxation of £1,705k which is up 26% from last year's profit of £1,353k.

During 2020 we have spent £229k (2019: £541k) on capital items with a further spend of £227k planned for 2021. 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 an increase in the bank balance of £1,830k (2019: £393k decrease) in the year to a closing balance of £3,357k (2019: £1,526k).

#### **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 creditworthiness. Additional credit risk arises from trade debtors. In order 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

29 November 2021

# CYNERGY3 COMPONENTS LIMITED

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### 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)

J J Cote (Resigned 1 October 2020)

V Nagolwala (Resigned 1 October 2020)

#### Results and dividends

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

Ordinary dividends were paid amounting to £Nil (2019: £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

29 November 2021

# CYNERGY3 COMPONENTS LIMITED

## DIRECTOR'S RESPONSIBILITIES STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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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 directors have 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 2020

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		2020	2019
	Notes	£	£
<b>Turnover</b>	<b>3</b>	11,288,549	10,368,689
Cost of sales		(7,210,858)	(6,821,299)
<b>Gross profit</b>		4,077,691	3,547,390
Distribution costs		(726,006)	(957,046)
Administrative expenses		(1,647,318)	(1,235,460)
Other operating income		0	(1,715)
<b>Operating profit</b>	<b>6</b>	1,704,367	1,353,169
Interest receivable and similar income	<b>7</b>	153	30
Interest payable and similar expenses	<b>8</b>	0	(19)
<b>Profit before taxation</b>		1,704,520	1,353,180
Tax on profit	<b>10</b>	248,239	(250,431)
<b>Profit for the financial year</b>		1,952,759	1,102,749
Retained earnings brought forward		7,006,628	5,903,879
Dividends	<b>9</b>	0	0
Retained earnings carried forward		8,959,387	7,006,628

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**CYNERGY3 COMPONENTS LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		-		-
Tangible assets	12		966,078		1,207,385
Investments	13		2,254,515		2,254,515
			<u>3,220,593</u>		<u>3,461,900</u>
<b>Current assets</b>					
Stocks	16	1,422,936		1,728,036	
Debtors	17	2,817,776		2,100,951	
Cash at bank and in hand		3,356,639		1,526,355	
			<u>7,597,351</u>		<u>5,355,342</u>
<b>Creditors: amounts falling due within one year</b>	18	(1,303,673)		(1,202,955)	
<b>Net current assets</b>			<u>6,293,678</u>		<u>4,152,387</u>
<b>Total assets less current liabilities</b>			<u>9,514,271</u>		<u>7,614,287</u>
<b>Provisions for liabilities</b>	19		<u>(54,884)</u>		<u>(107,659)</u>
<b>Net assets</b>			<u>9,459,387</u>		<u>7,506,628</u>
<b>Capital and reserves</b>					
Called up share capital	22	500,000		500,000	
Profit and loss reserves	23	8,959,387		7,006,628	
<b>Total equity</b>			<u>9,459,387</u>		<u>7,506,628</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 29 November 2021 on behalf of the board by:

  
M G Freve  
Director

# CYNERGY3 COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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.

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 2020

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#### 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 so as 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 2020

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#### 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 2020

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#### 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 2020

#### 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 £401,612 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 £2,254,515 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. Management consider the investments not to be impaired and so no impairment has been recognised.

#### 3 Turnover

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

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Sale of goods	11,288,549	10,368,689
	<u>                    </u>	<u>                    </u>
	2020	2019
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	2,516,528	2,665,213
Rest of Europe	1,540,277	1,149,263
United States of America	3,455,493	3,128,158
Rest of World	3,776,251	3,426,055
	<u>                    </u>	<u>                    </u>
	11,288,549	10,368,689
	<u>                    </u>	<u>                    </u>

# CYNERGY3 COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 4 Employees

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

	2020 Number	2019 Number
Manufacturing	92	82
Research and development	7	7
Sales and administration	12	13
	<u>111</u>	<u>102</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,915,343	2,890,419
Social security costs	273,408	278,778
Pension costs	109,097	74,581
	<u>3,297,848</u>	<u>3,243,778</u>

#### 5 Director's remuneration

	2020 £	2019 £
Remuneration for qualifying services	-	176,792
Company pension contributions to defined contribution schemes	-	5,124
	<u>-</u>	<u>181,916</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to Nil (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	-	176,792
Company pension contributions to defined contribution schemes	-	5,124
	<u>-</u>	<u>181,916</u>

# CYNERGY3 COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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<b>6 Operating profit</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	125,638	74,090
Research and development costs	40,000	40,000
Depreciation of owned tangible fixed assets	365,859	377,817
Cost of stocks recognised as an expense	3,516,825	3,327,906
Operating lease charges	195,690	196,607
	<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 loss of £125,638 (2019 - a loss of £74,090).

<b>7 Interest receivable and similar income</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	153	30
	<u>          </u>	<u>          </u>

<b>8 Interest payable and similar expenses</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other interest	-	19
	<u>          </u>	<u>          </u>
	-	19
	<u>          </u>	<u>          </u>

<b>9 Dividends</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Final paid	-	-
	<u>          </u>	<u>          </u>

# CYNERGY3 COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 10 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	194,777
Adjustments in respect of prior periods	(194,777)	-
Total current tax	<u>(194,777)</u>	<u>194,777</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(52,775)	55,654
Changes in tax rates	-	-
Adjustment in respect of prior periods	(687)	-
Total deferred tax	<u>(53,462)</u>	<u>55,654</u>
Total tax charge	<u>(248,239)</u>	<u>250,431</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:

	2020 £	2019 £
Profit before taxation	<u>1,704,520</u>	<u>1,353,180</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	323,859	257,104
Deferred Tax not recognised	(96,340)	-
Adjustments in respect of prior years	(194,777)	-
Effect of change in corporation tax rate	7,522	(6,561)
Group relief	(244,096)	-
Deferred tax adjustments in respect of prior years	(43,723)	-
Other differences	(684)	112
Taxation charge for the year	<u>(248,239)</u>	<u>250,431</u>

*"In the March 2021 Budget, the UK Government announced that legislation would be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. Finance Bill 2021 received Royal Assent on 10 June 2021 and became Finance Act 2021. As the changes had not been substantively enacted at the balance sheet date, the deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%."*

# CYNERGY3 COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 11 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2020 and 31 December 2020	1,432,479
<b>Amortisation and impairment</b>	
At 1 January 2020 and 31 December 2020	1,432,479
<b>Carrying amount</b>	
At 31 December 2020	-
At 31 December 2019	-

#### 12 Tangible fixed assets

	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>				
At 1 January 2020	461,997	4,863,242	635,104	5,960,343
Additions	56,213	155,125	17,714	197,553
Disposals	-	-	-	-
At 31 December 2020	486,710	5,018,367	652,818	6,157,896
<b>Depreciation</b>				
At 1 January 2020	349,034	4,000,542	403,381	4,752,957
Depreciation charged in the year	29,170	290,158	119,533	438,861
Eliminated in respect of disposals	-	-	-	-
At 31 December 2020	375,393	4,290,700	522,915	5,191,818
<b>Carrying amount</b>				
At 31 December 2020	55,104	727,668	129,904	966,078
At 31 December 2019	112,963	862,700	231,723	1,207,386

#### 13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	14	2,254,515	2,254,515

# CYNERGY3 COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 13 Fixed asset investments (Continued)

##### Movements in fixed asset investments

	Shares in group undertakings
	£
<b>Cost or valuation</b>	
At 1 January 2019 & 31 December 2020	2,254,515
<b>Carrying amount</b>	
At 31 December 2020	2,254,515
At 31 December 2019	2,254,515

#### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 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.

#### 15 Joint ventures

Details of the company's joint ventures at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Cynergy3 Auro Technologies Private Limited	a)	Sale of electronics	Ordinary	50.00	-

a) GAT No 444/1, Success Property Venture, Nigojhe Road, Kurali Chakan, Pune 410501, Maharashtra, India

The company has a 50% equity shareholding (and voting rights) in Cynergy3 Auro Technologies Private Limited, a joint venture established in the UK. This investment is held at a carrying amount of £nil (2019: £nil) under the equity method.

In 2021 Cynergy3 Components Limited sold their entire 50% holding in the joint venture to the other shareholder Auro Controls PVT Limited the deal was concluded in July 2021.

# CYNERGY3 COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 16 Stocks

	2020 £	2019 £
Raw materials and consumables	687,388	1,088,671
Work in progress	354,628	220,621
Finished goods and goods for resale	380,920	414,744
	<u>1,422,936</u>	<u>1,728,036</u>

Raw materials include £151,908 (2019: £167,742) 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 2020 is estimated to be £3,564,960 (2019: £1,414,949).

Stock includes an impairment of £401,612 (2019: £260,934).

#### 17 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,656,205	1,102,999
Amounts owed by group undertakings	298,678	232,625
Amounts owed by undertakings in which the company has a participating interest	542,686	450,811
Other debtors	232,405	145,206
Prepayments and accrued income	87,802	169,310
	<u>2,817,776</u>	<u>2,100,951</u>

#### 18 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	771,556	774,750
Amounts due to group undertakings	157,905	115,046
Corporation tax	-	66,265
Other taxation and social security	-	9,662
Accruals and deferred income	374,212	237,232
	<u>1,303,673</u>	<u>1,202,955</u>

Other tax and social security include amounts that are secured against £20,000 (2019: £20,000) of bank balances included within cash at bank and in hand.

# CYNERGY3 COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 19 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	20	54,884	107,659

#### 20 Deferred taxation

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:

	Liabilities 2020 £	Liabilities 2019 £
<b>Balances:</b>		
Accelerated capital allowances	54,884	107,659
<b>Movements in the year:</b>		2020 £
Liability at 1 January 2020		107,659
Charge to profit or loss		(52,775)
Liability at 31 December 2020		54,884

The deferred tax liability 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.

#### 21 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	109,097	74,581

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.

# CYNERGY3 COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 22 Share capital

	2020	2019
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
500,000 Ordinary shares of £1 each	500,000	500,000
	<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.

#### 23 Reserves

##### Profit and loss reserves

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

#### 24 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 (2019: £Nil) was included in the guarantee.

#### 25 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:

	2020	2019
	£	£
Within one year	201,523	191,000
Between one and five years	594,514	5,607
	<u>796,036</u>	<u>196,607</u>

# **CYNERGY3 COMPONENTS LIMITED**

## **SCHEDULE OF ADMINISTRATIVE EXPENSES (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **26 Related party transactions**

During the year, sales of £1,774 (2019: £4,356) were made to Cynergy3 Auro Technologies Private Limited, a company in which Cynergy3 Components Limited has a joint venture interest. In addition, the company made purchases of £38,926 (2019: £77,687). At the year end, the company was owed £11,167 (2019: £10,573) by Cynergy3 Auro Technologies Private Limited..

During the year, purchases of £44,611 (2019: £34,500) and sales of £1,591 (2019: £18,761) were made to Industrial Interface Limited, a fellow subsidiary of the group. At the year end the company owed £1,413 (2019: £1,440) to Industrial Interface Limited.

#### **27 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.