

Denso Automotive UK Limited.
Company Registration No. 001781529

Report and financial statements 2021

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Statement of directors' responsibilities	7
Independent auditor's report	8
Statement of Income and Retained Earnings	11
Balance sheet	12
Notes to the financial statements	13

Company Registration No. 001781529

Denso Automotive UK Limited.

Annual Report and Financial Statements

For the year ended 31 March 2021



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Denso Automotive UK Limited.

Company Registration No. 001781529

Report and financial statements 2021

Officers and professional advisers

Directors

A Richards

Y Nakano – resigned 1 January 2021

T Fukui – appointed 1 January 2021

Company Secretary

G Dekker

Bankers

Citibank NA

Solicitors

Avison Young

Pinsent Masons

Spratt Endicott

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 2021 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 2021 the company recorded a profit after taxation of £720,000 (2020: £713,000), as shown in the statement of income and retained earnings on page 11. 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 £9,743,000 as compared to £9,023,000 in 2020.

Coronavirus Pandemic

COVID-19 did not have a material impact on the company for the year ended 31 March 2021. We continued to make use of the government support schemes, in particular the Coronavirus Job Retention Scheme ("CJRS"), whilst we placed some staff on furlough. This was claimed from April 2020 to April 2021 and changed due to the business needs. Some staff were made redundant following the reorganisation of some business activities. Employees have been able to work well remotely and have been offered support in setting up home offices. The continuing impact of COVID-19 is unlikely to have a significant impact on the company and its ability to continue as a going concern.

Closure of Hemel Hempstead Office

In March 2021, it was announced that the company would invoke the break clause in the lease agreement relating to this property, and the offices would close in August 2021. All but a limited number of staff affected by this have transitioned to home working contracts. The company's Coventry office continues to remain open.

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

Strategic report (continued)

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.

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.

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.

Denso Automotive UK Limited.
Company Registration No. 001781529


Strategic report (continued)

Section 172 Statement (continued)

Our Community

We support local charities in various ways, organizing events and collecting charitable donations. The Air Ambulance is a key recipient of any such donations.

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



A Richards
Director
13 December 2021

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2021.

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 £576,000. (2020: £356,000).

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 highly unlikely that the company would not 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 £2,562,361 at 31 March 2021 and a net amount of £4,523,325 at 30 November 2021. 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 Nakano (Japanese) resigned 1 January 2021
T Fukui (Japanese) appointed 1 January 2021

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 no charitable or political donations during either 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.

Denso Automotive UK Limited.
Company Registration No. 001781529

Directors' report (continued)

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.

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.

Auditor

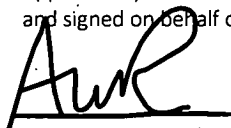
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

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 behalf of the Board



A Richards
Director

13 December 2021

Denso Automotive UK Limited.
Company Registration No. 001781529

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;
- 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 2021 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 19.

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 about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework 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 the UK Companies Act and relevant 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 and external legal counsel 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 and reviewing correspondence with HMRC.

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

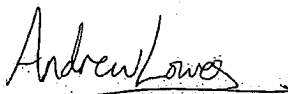
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Andrew Lowes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory auditor
London, United Kingdom
14 December 2021

Denso Automotive UK Limited.
Company Registration No. 001781529

Statement of income and retained earnings
For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	17,717	20,947
Cost of sales		-	-
Gross profit		<u>17,717</u>	<u>20,947</u>
Distribution costs		-	(3)
Administrative expenses		(16,873)	(19,946)
Other operating expenses	3	(928)	-
Loss on disposal of fixed assets		(37)	(55)
Other operating Income	4	1,243	-
Operating profit		<u>1,122</u>	<u>943</u>
Interest receivable and similar income	7	1	31
Interest payable and similar expenses	8	(84)	(5)
Profit before taxation	4	<u>1,039</u>	<u>969</u>
Tax on profit	9	(319)	(257)
Profit after taxation and total comprehensive income		<u>720</u>	<u>712</u>
Retained earnings at the beginning of the year		4,126	3,710
Dividends paid		-	(296)
Retained earnings at the end of the year		<u><u>4,846</u></u>	<u><u>4,126</u></u>

All results are derived from continuing operations.

Denso Automotive UK Limited.
Company Registration No. 001781529

Balance sheet
As at 31 March 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	10	176	-
Tangible assets	11	8,599	9,605
		<u>8,775</u>	<u>9,605</u>
Current assets			
Debtors	12	7,907	8,559
		<u>7,907</u>	<u>8,559</u>
Creditors: amounts falling due within one year	13	(6,572)	(8,863)
Net current assets/(liabilities)		1,335	(304)
Total assets less current Liabilities		10,110	9,301
Provision for liabilities	14	(367)	(277)
Net assets		<u>9,743</u>	<u>9,023</u>
Capital and reserves			
Called up share capital	15	4,897	4,897
Profit and loss account		4,846	4,126
Shareholders' funds		<u>9,743</u>	<u>9,023</u>

The financial statements of Denso Automotive UK Limited registered number 001781529 were approved by the Board of Directors on 13 December 2021.

Signed on behalf of the Board of Directors



A Richards
Director

Denso Automotive UK Limited.
Company Registration No. 001781529

Notes to the financial statements **For the year ended 31 March 2021**

1. Accounting policies

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

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 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. Turnover is stated net of VAT.

Government Grants

During the period the Company has received support from the UK government as a result of the Covid-19 pandemic. Such grants are recognised within other operating income in the statement of income and retained earnings at a point in time to match the timing of the recognition of the related expenses they are intended to compensate. Where cash is received in advance of the associated conditions being met, the grant is recorded within other payables in the balance sheet

Fixed assets and depreciation

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 as follows:

Plant and equipment	-	10% - 25%
Fixtures and fittings	-	10% - 12.5%
Buildings	-	2.5% - 10%
Leasehold land	-	the term of the lease

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.

Denso Automotive UK Limited.
Company Registration No. 001781529

Notes to the financial statements (continued)
For the year ended 31 March 2021

1. Accounting policies (continued)

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 credits are recognized as government grants within other operating income at the point that the grant proceeds become receivable.

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.

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:

	2021 £'000	2020 £'000
United Kingdom	-	-
Rest of Europe	17,717	20,947
	<u>17,717</u>	<u>20,947</u>

Denso Automotive UK Limited.

Company Registration No. 001781529

Notes to the financial statements (continued)

For the year ended 31 March 2021

3. Other operating expenses

During the COVID-19 pandemic, some employees were placed on furlough, whilst others continued to work from home. The company took advantage of the CJRS scheme (see note 4) but due to a shift in business need, the company had to make some employees redundant. These redundancy costs are shown as other operating expenses.

4. Profit before taxation

	2021 £'000	2020 £'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	36	14
Fees payable to the company's auditor for non-audit services		
- Tax compliance services	51	46
Depreciation on owned and leased assets	1,221	1,264
Lease expense in respect of plant and machinery	865	901
Lease expense in respect of other operating leases	462	459
Loss on disposal of fixed assets	37	55
Other operating income - CJRS	(809)	-
Other operating income - Research & Development Expenditure Credit	(434)	-

Government grant income, which relates to amounts received under the Coronavirus Jobs Retention Scheme (CJRS) and Research & Development Expenditure Credits, is presented as other operating income.

Notes to the financial statements (continued)
For the year ended 31 March 2021

5. Remuneration of directors

	2021 £'000	2020 £'000
Directors' emoluments	208	234

The emoluments of the highest paid director were £207,734 (2020: £215,954). Employer pension contributions paid on behalf of the two directors amounted to £ 21,807 (2020: £17,988).

6. Staff numbers and costs

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

	2021 No.	2020 No.
Sales and distribution	51	59
Engineering	88	93
Administration	37	40
	176	192

The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	8,423	11,603
Social security costs	1,065	1,123
Pension costs	829	927
	10,317	13,653

Denso Automotive UK Limited.
Company Registration No. 001781529

Notes to the financial statements (continued)
For the year ended 31 March 2020

7. Interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable from group companies	-	21
Net exchange gain on foreign currency transactions	1	10
	<u>1</u>	<u>31</u>

8. Interest payable and similar charges

	2021 £'000	2020 £'000
Interest payable to group companies	4	-
Bank charges	5	5
Net exchange loss on foreign currency transactions	75	-
	<u>84</u>	<u>5</u>

9. Tax on profit

	2021 £'000	2020 £'000
Analysis of charge in year:		
Current tax	229	85
Deferred tax	90	172
	<u>319</u>	<u>257</u>
Deferred tax (Note 14):		
	2021 £'000	2020 £'000
Origination and reversal of timing differences	(2)	26
Effect of tax rate changes	39	120
Adjustment in respect of previous years	53	26
Total deferred tax charge	<u>90</u>	<u>172</u>

Notes to the financial statements (continued)
For the year ended 31 March 2021

9. Tax on profit (continued)

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:

	2021 £'000	2020 £'000
Profit before taxation	1,039	969
Profit multiplied by standard rate in the UK of 19% (2019: 19%)	197	184
Effects of:		
Expenses not deductible for tax purposes	17	114
Prior period adjustment	(41)	4
Tax rate changes	39	26
Income not taxable	(2)	(71)
Depreciation on ineligible assets	107	-
Roundings	2	-
Total tax charge	<u>319</u>	<u>257</u>

10. Intangible fixed assets

	Software £'000	Total £'000
Cost		
At 1 April 2020	-	-
Transfer in	1,018	1,018
At 31 March 2021	<u>1,018</u>	<u>1,018</u>
Depreciation		
At 1 April 2019	-	-
Transfer In	842	842
At 31 March 2021	<u>842</u>	<u>842</u>
Net book value		
At 31 March 2021	<u>176</u>	<u>176</u>
At 31 March 2020	<u>-</u>	<u>-</u>

Transfer in relates to Software that was reported within plant and equipment at 31 March 2020 and has been separately disclosed as an intangible asset as of 31 March 2021.

Notes to the financial statements (continued)
For the year ended 31 March 2021

11. Tangible fixed assets

	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 2020	9,356	202	10,089	1,140	-	20,787
Additions	385	2	22	-	17	426
Transfer out	(1,018)	-	-	-	-	(1,018)
Disposals	(717)	(8)	(11)	-	-	(736)
At 31 March 2021	8,006	196	10,100	1,140	17	19,459
Depreciation						
At 1 April 2020	6,121	116	4,740	204	-	11,181
Charge for the year	796	21	396	8	-	1,221
Transfer Out	(842)	-	-	-	-	(842)
Disposals	(684)	(7)	(8)	-	-	(699)
At 31 March 2021	5,391	130	5,128	212	-	10,861
Net book value						
At 31 March 2021	2,616	66	4,972	928	17	8,599
At 31 March 2020	3,235	86	5,348	936	-	9,605

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 £928,755 (2020: £936,355).

Denso Automotive UK Limited.

Company Registration No. 001781529

Notes to the financial statements (continued)

For the year ended 31 March 2021

12. Debtors

	2021	2020
	£'000	£'000
<i>Amounts falling due within one year</i>		
Trade debtors	20	2
Amounts owed by group undertakings	7,139	7,949
Other debtors	420	408
Prepayments and accrued income	126	61
Other taxes receivable	173	104
Corporation Tax Receivable	29	34
	<u>7,907</u>	<u>8,558</u>

Amounts owed by group undertakings include £7,139,296 (2020: £7,845,780) 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 loans are unsecured and interest is charged at LIBOR less 0.07% for balances denominated in USD and GBP. For balances denominated in Euros, interest is charged at EONIA less 0.07%. No interest is received on balances denominated in YEN.

13. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	435	608
Amounts owed to group undertakings	5,147	7,227
Other taxes and social security	233	62
Accruals and deferred income	757	966
	<u>6,572</u>	<u>8,863</u>

Amounts owed to group undertakings include £4,592,934 (2020: £3,987,880) 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.

The loan is unsecured and interest is charged at LIBOR 3M plus 0.15% per annum.

Denso Automotive UK Limited.
Company Registration No. 001781529

Notes to the financial statements (continued)
For the year ended 31 March 2021

14. Provision for liabilities: Deferred taxation

	2021 £'000	2020 £'000
Net deferred tax liability at start of year	(277)	(105)
Adjustment in respect of prior years	(53)	-
Charged to profit and loss in the year	(37)	(172)
Net deferred tax liability at end of year	<u>(367)</u>	<u>(277)</u>
Deferred tax liability is made up as follows:		
Capital allowances in excess of depreciation	367	278
Short term timing differences	-	(1)
	<u>367</u>	<u>277</u>

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023, which was substantively enacted on 24 May 2021.

As this rate had not been substantively enacted at the balance sheet date, deferred tax balances as at 31 March 2021 continue to be measured at 19%.

15. Called up share capital

	2021 £'000	2020 £'000
Authorised:		
ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Called up, allotted and fully paid		
ordinary shares of £1 each	<u>4,897</u>	<u>4,897</u>

16. Commitments

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

	2021		2020	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	449	98	449	76
In the second to fifth years inclusive	1,796	1,068	1,796	1,459
After five years	487	-	1,347	-
	<u>2,732</u>	<u>1,166</u>	<u>3,592</u>	<u>1,535</u>

Denso Automotive UK Limited.

Company Registration No. 001781529

Notes to the financial statements (continued)

For the year ended 31 March 2021

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 £828,706 (2020: £926,767). There were no outstanding or prepaid contributions at either 31 March 2021 or 31 March 2020.

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

It was announced in March 2021, that the company's office based in Hemel Hempstead would close in August 2021, with the company having invoked the break clause within the lease agreement. There was a period of employee consultation where all staff based in Hemel Hempstead were offered new contracts of employment, on a 100% working from home basis. Two employees opted for redundancy.

Following the departure from the building, we had to make good the property and as such incurred costs of £67,500, which were included within amounts accrued at 31 March 2021.