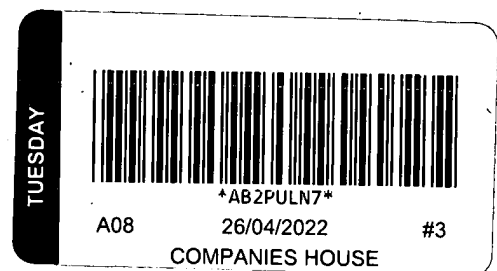


SOGEFI FILTRATION LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2021



REPORT AND FINANCIAL STATEMENTS 2021

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Grange
S Jamgotchian
D James

SECRETARY

S Zhang

REGISTERED OFFICE

Crown Business Park
Tredegar
Gwent
NP22 4EF

BANKERS

Barclays Bank plc
Corporate Banking Centre
PO Box 1015
3 Windsor Place
Cardiff
CF10 3ZL

SOLICITORS

Eversheds LLP
1 Callaghan Square
Cardiff
CF10 5BT

AUDITOR

KPMG LLP
Cardiff

DIRECTORS' REPORT

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

DIVIDENDS

No dividends in respect of the year ended 31 December 2021 were paid or declared in the year (2020 - £nil).

DIRECTORS

Christopher Jones resigned on 31st January 2021.

Darryl James appointed as Director on 29th January 2021

Julien Grange appointed as Director on 29th January 2021

Francesca Monteanni resigned on 21st July 2021

Sonia Jamgotchian appointed as Director on 21st July 2021

DISABLED PERSONS

Applications for employment by disabled persons are fully and fairly considered, bearing in mind the aptitudes and abilities of the person concerned. In the event of employees becoming disabled every reasonable effort is made to ensure their employment with the company continues and that appropriate training is arranged. It is the policy of the company that disabled persons should, as far as possible, have training, career development and promotion comparable with those who do not suffer from disabilities.

EMPLOYEE INVOLVEMENT

In order to keep employees informed and to achieve a common awareness of the financial and economic factors affecting performance, regular meetings are held with employee representatives. Regular newsletters are produced together with an employee annual report for those parts of the company in which they are employed. Account is taken of the views of employees in any decision-making which is likely to affect their interests. In addition, small teams of employees are involved in the detail of problem-solving and in the search for improvements in safety, quality and performance. This is supported by the Sogefi group initiative for continuous improvement using the Kaizen principles.

FRS 102

These financial statements have been prepared by the company under "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

In the case of the directors who held office at the date when this report is approved:

- so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves 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 §418 of the Companies Act 2006.

APPROVAL OF REDUCED DISCLOSURES

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12.

DIRECTORS' REPORT (continued)

POLITICAL DONATIONS

The company did not make any political donations during the year (2020: none).

OTHER MATTERS

Likely future developments, activities relating to Research & Development and the Company's Financial Instruments Risk, Policy and Exposure can be found in the Strategic Report.

The Directors have had regard to suppliers, customers and other business relationships as outlined in the Section 172 statement.

Approved and signed by the Directors



D James
Director

Date 22/04/2022

Crown Business Park
Tredegar
Gwent
NP22 4EF

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

Sogefi Filtration Limited is engaged in the manufacture and sale of automotive filtration equipment.

FUTURE STRATEGY AND DEVELOPMENT

The company's strategy is to secure new and profitable business in filtration and Air and cooling industry, with both existing and new customers which will be achieved by utilising all resources available to continue to develop new products. The strategy of growth will be achieved in a controlled manner, always considering the impact on cash flow and operating expenses. The directors are confident of long-term success in meeting the company's objectives.

During 2021, the COVID-19 pandemic and the following on global logistic problem continually impacted the business, the commodity price increase worldwide had squeezed product margin. The company will use group purchase power to reduce the price increase impact also review the option to increase sales price to customers.

In regarding COVID-19 workplace safety, the company has considered how to best mitigate any future or ongoing impact of the pandemic and has taken necessary measures and implemented protocols in line with Government and Group company guidelines to provide employees and our business partners a safe environment on site.

BUSINESS PERFORMANCE

The results of the company are set out on page 13. Turnover in 2021 was £40,712,000 (2020 - £39,856,000), the demand on OE passenger vehicle product line showed recovery but were still largely affected by the global shortage of semi-conductors. On the contrary, the demand on HGV (heavy goods vehicles) increased during 2021 as result of lock down easing and increasing activities of logistic industrial post the pandemic.

The company achieved an operating profit of £3,148,000 (2020 - £1,911,000). Overall, the company achieved a profit for the financial year of £2,040,000 (2020 - £1,084,000). During the year, company faced increasing cost of material and transportation, some of the cost increase had been passed on to customers in the later part of 2021 and some in house cost reduction projects also contributed to keeping the business profitable for the year.

The company has defined benefit pension schemes. The overall pension deficit is £9,683,000 (2020, £26,672,000), as set out in Note 19. The reduction in the deficit is largely driven by actuarial gains driven by changes to pension assumptions used.

RESEARCH AND DEVELOPMENT

The company continues to undertake research and development to enhance its market position and such investment is regarded as an integral part of the continuing strength of the business. During the year, the company incurred research costs of £82,000 (2020 - £198,000) and nil was capitalised (2020 - £115,000) of development costs.

KEY PERFORMANCE INDICATORS

Relevant KPIs are set out below:

	2021	2020
Turnover (£m)	40.7	39.9
Other Income (£m)	2.2	0.9
Operating profit (£m)	3.1	1.9
EBITDA* (£m)	5.1	4.1
Net current assets (£m)	24.2	21.7
Operating profit/turnover (%)	7.7%	4.8%
Operating profit/per employee (£'000)	16.48	9.1
Turnover increase/(decrease) (%)	2%	(17.5%)

*The calculation of EBITDA is Operating Profit, adding the entire amount of depreciation and amortisation, irrespective of where, and by what method it is recorded in the Profit and Loss Account.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of strategy are subject to several risks. Key business risks principally relate to market competition, both from a national and international perspective, and the retention of suitably qualified employees. Business risks are reviewed regularly by the directors and appropriate processes are put in place to monitor and mitigate their impact. Supply chain risks are mitigated by the increasing use of a centralised group procurement strategy.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, price risk, credit risk, liquidity risk and interest rate risk.

The company has in place an informal risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance where applicable and the related finance costs. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the director are implemented by the company's finance department.

Foreign exchange risk

The company's activities expose it to several financial risks of changes in foreign currencies, particularly with respect to the Euro. If the need arises to mitigate these risks, the group's treasury function uses foreign exchange forward contracts to hedge these exposures.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, the company increasingly utilises the group centralised purchasing function to mitigate the risk. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is continually monitored in line with the company's credit control procedures. Credit risk insurance has been evaluated by the directors and is not deemed cost-effective in the current business climate. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Liquidity risk

The company is a subsidiary in the Sogefi SpA group and can draw on intra-group credit lines if required to ensure it has sufficient available funds for operations.

Interest rate cash flow risk

The company has interest-bearing assets. Interest-bearing assets include only cash balances, all of which earn interest at variable rates.

Going concern

The financial statements have been prepared on a going concern basis as the directors consider this to be appropriate for the following reasons.

The impact of the COVID-19 pandemic has had a significant economic impact throughout the global economy, however, the UK economy has shown recovery in 2021 and most of car manufacturers continued production. The directors have prepared forecasts, including cash flow forecasts with consideration of reasonably possible downside scenarios resulting from further impact of COVID-19 and the current conflict in Europe. Specifically, a downside scenario assumes that revenues over the next 12 months are consistent with those generated in 2020. This assumption is based on the Company and its customer base remaining resilient to the ongoing effects of COVID-19. This scenario reflects a more severe situation than actuals to date are evidencing as the return to capacity was quicker than originally anticipated.

STRATEGIC REPORT

Going concern (continued)

There is no external financing in place or required as the Company meets its day-to-day working capital requirements by using existing cash and working capital balances. This includes a net receivable balance of £18,260,000 under the group's cash pooling arrangements.

The Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

SECTION 172 STATEMENT

The board of directors of Sogefi Filtration Ltd, consider both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole having regards to the stakeholders and members set out in s172(1)(a-f) of the Act in the decisions taken during the year ended 31 December 2021.

Sogefi Filtration Limited's mission is to provide innovative solutions to our customers creating value for all stakeholders and generating sustainable growth. Sogefi believes it will deliver its mission by being goal oriented, being efficient in everything we do, maintaining integrity and treating people with respect.

Board composition:

A team of industrial experienced executive Directors (3) has been established, with one Director based in UK and two Directors from group company, to ensure the support to the company's strategic growth.

Business Relationships

Our strategy is built on the principle of putting the customer first and providing an exceptional customer experience, we focus on continuous improvement and quality in everything we do. In order to do this, we need to develop and maintain strong client relationships, we value all of our suppliers and look to deal fairly and responsibly, developing strong long-term relationships with them.

Our People

The health and safety and wellbeing of our employees is one of the prime considerations in the way we do business. The company follows a policy of consultation and discussion with its employees through union and staff consultation. Information on performance and prospects are disseminated through information bulletins and meetings. The company understands the value of employee engagement and empowerment and takes every opportunity to promote this.

Community & Environment

Sogefi considers respect for the environment as a core value for the company. The same is true of respect for its employees, its customers and the local communities in which it operates. The company follows its group's (Sogefi S.p.A.) approved Environmental Policy, which sets out the guiding principles that all subsidiaries must adopt and observe. Under this policy, the company pursues clear strategic goals, taking into account available resources and technologies, in order to progressively improve its environmental performance.

Risk Management

Consideration of risks is an integral part of how Sogefi operates on a daily basis, all operations are reviewed for key risks and opportunities. The board of directors formally monitors risk and evaluates and manages them.

Shareholder

As a board of directors, our intention is to behave responsibly and have an open and honest relationship with our shareholder, so they may benefit from the success of the company.

STRATEGIC REPORT

Streamlined Energy and Carbon Reporting:

The company's principal business activities include making combustion engine Filtration and Air and Cooling products for the automotive and industrial sectors. To achieve environmental responsibilities throughout our business operations, we continually consider the impact of the business activities on the wider environment and look at ways to improve energy savings and reduce the company's carbon footprint.

The business operates on one site. The site needs to be well lit to ensure a safe operating environment for our employees, we also use heat for some parts of our production process. Therefore, electricity and gas are the main drivers of the company's carbon emissions.

In the year, the following energy efficiency actions were taken:

- Shut-down protocol for all non-operational machines.
- Air Leak Detection system every six months.
- Insulation of Injection moulding machine screw and barrels.
- Investment in Hotmelt delivery system, three out of five machines had been replaced.
- Shop floor LED lighting with motion sensors in Warehouse areas to reduce electricity consumptions.
- LED lighting with PIR for all office area and outside flood lighting.
- Carpark lighting replacement for LED.
- Inkjet printer upgrade.

The following projects have aimed at reducing our business carbon footprint are being considered:

- Wind power and solar panels.
- Investment in Hotmelt delivery system, to replace one out of the remaining two.

The company continues to monitor its energy usage and efficiency improvements where feasible, whilst maintaining a safe environment for our colleagues to work in.

Energy and carbon reporting:

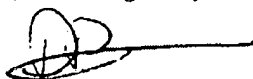
	FY 2021	FY 2020
UK energy use (kWh) – see (1)	6,443,483	6,831,721
Associated Greenhouse gas emissions (tonnes CO2 equivalent) - see (2)	1,343	1,524
Intensity Ratio: Tonnes of CO2e per total £m sales revenue	33.00	38.24

(1) UK energy use covers electricity, gas and transport as follows:

Electric usage	Total kWh used from electricity bills
Natural gas usage	Total kWh used from gas bills

(2) The collected data is converted into greenhouse gas emissions associated with each activity, using the Government conversion factors for company reporting of greenhouse gas emissions (Data x Emission Factor = Greenhouse gas emissions).

Approved and signed by the Directors



D James
 Director
 Date 22/04/2022

Crown Business Park
 Tredegar, Gwent
 NP22 4EF

DIRECTOR'S RESPONSIBILITIES STATEMENT IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOGEFI FILTRATION LIMITED

Opinion

We have audited the financial statements of Sogefi Filtration Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors;
- Using analytical procedures to identify any unusual or unexpected relationships.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOGEFI FILTRATION LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated through recording revenues in the wrong period or by recording fictitious sales.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.
- Assessing, for a sample of revenue recorded around the year end, if it is recorded in the correct period based on when the supply of goods was undertaken.
- Assessing, for a sample of credit notes issued after the year end, whether they indicate fictitious sales had been recorded based on the reason for the credit note being issued.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pensions legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOGEFI FILTRATION LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOGEFI FILTRATION LIMITED *(continued)*

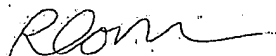
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Richard Lomax (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

22 April 2022

SOGEFI FILTRATION LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
TURNOVER	3	40,712	39,856
Cost of sales		(34,316)	(30,651)
GROSS PROFIT		6,396	9,205
Other operating income	4	2,189	871
Total net operating expenses	5	(5,437)	(8,165)
OPERATING PROFIT		3,148	1,911
Interest receivable and similar income	8	3	27
Interest payable and similar expenses	9	(426)	(461)
PROFIT BEFORE TAXATION	10	2,725	1,477
Tax on profit	11	(685)	(393)
PROFIT FOR THE FINANCIAL YEAR		<u>2,040</u>	<u>1,084</u>

The results for both the current and prior year were all derived from the continuing operations of the company.

STATEMENT OF OTHER COMPREHENSIVE INCOME
Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Profit for the financial year		2,040	1,084
Re-measurement of net defined benefit liability	19	13,621	(10,030)
Movement on deferred tax in relation to pension deficit	17	(2,018)	2,296
Total comprehensive income/(loss) for the financial year		<u>13,643</u>	<u>(6,650)</u>

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021


	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	5,127	2,000	621	7,748
Profit for the year	-	-	1,084	1,084
Other comprehensive income: Re-measurement of pension schemes	-	-	(10,030)	(10,030)
Movement on deferred tax in relation to pension deficit	-	-	2,296	2,296
Balance at 31 December 2020	<u>5,127</u>	<u>2,000</u>	<u>(6,029)</u>	<u>1,098</u>
Profit for the period	-	-	2,040	2,040
Other comprehensive income: Re-measurement of pension schemes	-	-	13,621	13,621
Movement on deferred tax in relation to pension deficit	-	-	(2,018)	(2,018)
Balance at 31 December 2021	<u>5,127</u>	<u>2,000</u>	<u>7,614</u>	<u>14,741</u>

SOGEFI FILTRATION LIMITED

BALANCE SHEET
As at 31 December 2021

	Note	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	12	193	1,020
Tangible assets	13	4,881	5,853
		<u>5,074</u>	<u>6,873</u>
CURRENT ASSETS			
Pension asset	19	4,376	-
Stocks	14	2,979	4,128
Debtors			
- amounts falling due within one year	15	24,160	21,319
- amounts falling due after more than one year	15	2,276	5,068
Cash at bank and in hand		1,186	1,507
		<u>34,977</u>	<u>32,022</u>
CREDITORS: amounts falling due within one year	16	<u>(10,754)</u>	<u>(10,296)</u>
NET CURRENT ASSETS		<u>24,223</u>	<u>21,726</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		29,297	28,599
CREDITORS: amounts falling due after more than one year	16	<u>-</u>	<u>(332)</u>
Provisions for liabilities	18	(497)	(497)
Pension liability	19	(14,059)	(26,672)
NET ASSETS		<u>14,741</u>	<u>1,098</u>
CAPITAL AND RESERVES			
Called up share capital	20	5,127	5,127
Share premium account	21	2,000	2,000
Profit and loss account	21	7,614	(6,029)
SHAREHOLDERS FUNDS		<u>14,741</u>	<u>1,098</u>

The financial statements of Sogefi Filtration Limited, registered number 00693949, were approved and signed by the Directors and authorised for issue on 22/04/2022.



D James
Director

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 December 2021****1. ACCOUNTING POLICIES**

Sogefi Filtration Limited is a private limited company incorporated, registered in England and Wales. The address of the registered office is Unit 1 Crown Business Park, Tredegar, Gwent, NP22 4EF.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The financial statements of Sogefi Filtration Limited are prepared in Sterling, which is the functional currency of the company, and rounded to the nearest thousand pounds.

Exemptions

The company has taken advantage of the following exemptions available under FRS 102:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing key management personnel compensation; and
- the exemption from disclosing certain related party transactions.

The company has taken advantage of the following exemption available under FRS 102 as equivalent disclosures have been given in the consolidated financial statements of CIR SpA which include the results of Sogefi Filtration Limited:

- the exemption from certain financial instrument disclosures.

Copies of the consolidated financial statements of CIR SpA can be obtained from the registered office of Sogefi SpA, Via Ciovassino 1/a 20121, Italy, or from the company's website at www.cirgroup.com.

The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Going concern

As at 31 December 2021, the company had net current assets of £24,223,000, net assets of £14,741,000 and reported a profit for the year then ended of £2,040,000. The financial statements have been prepared on a going concern basis as the directors consider this to be appropriate for the following reasons.

The impact of the COVID-19 pandemic has had a significant economic impact throughout the global economy, however, the UK economy has shown recovery in 2021 and most of car manufacturers continued production, as result, the sales increased 2% compares to 2020.

The directors have prepared forecasts including cash flow forecasts which indicate that, even taking account of a severe but plausible downside scenario, the company will have sufficient funds to meet their liabilities as they become due for a period of at least 12 months from the date of approval of these financial statements ("the going concern period).

Further, the company worked closely with the supply chain to identify any risk of shortfalls and utilise group centralised purchasing to mitigate the risk of commodity price increase. The directors continue to monitor this and do not currently anticipate any issues.

In preparing their cash flow forecasts the directors have considered reasonably possible downside scenarios resulting from further impact of COVID-19 and the current conflict in Europe. Specifically, a downside scenario assumes that revenues over the next 12 months are consistent with those generated in 2021. This assumption is based on the Company and its customer base remaining resilient to the ongoing effects of COVID-19. This scenario reflects a more severe situation than actuals to date are evidencing as the return to capacity was quicker than originally anticipated.

There is no external financing in place or required as the Company meets its day-to-day working capital requirements by using existing cash and working capital balances. This includes a net receivable balance of £18,260,000 under the group's cash pooling arrangements. The company is cash generative, and forecasts indicate that even in the severe but plausible downside scenario outlined above, the Company would continue to generate positive cash flows over the going concern period.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES

Going concern (*continued*)

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer base on incoterms as per individual contract.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Provision for depreciation is made to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal useful economic lives used for this purpose are:

Leasehold Building & Improvement	20 years or Lease term whichever is lower
Plant and machinery	3-10 years
Fixtures and fittings	5-20 years

Assets under construction are not depreciated until they are in the condition and location ready for use at which point they are transferred to one of the above categories.

Intangible fixed assets

Intangible fixed assets are stated at cost. Development costs for products which have a commercial application are capitalised and amortised on a straight-line basis over the expected useful life of the asset, the principal useful life of Intangible fixed assets are 4 years.

Research

Expenditure on product research is written off to the profit and loss account in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

Leases*The Company as lessee*

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Government grants

Grants that relate to capital expenditure are treated as deferred income and credited to the profit and loss account over the expected useful lives of the assets concerned. Revenue-based grants are credited to the profit and loss account in the year in which they are received or receivable. In 2021, Government Coronavirus job retention grant were reported in profit and loss account.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. In general, cost is determined on a first-in first-out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Foreign currencies

Trading and non-trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

Pension scheme arrangements

The company operates four contributory defined benefit pension schemes. The assets of the schemes are held separately from those of the company. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The difference between the market value of the assets of the schemes and the present value of the accrued pension liabilities is shown as a surplus/(deficit) on the balance sheet where appropriate, and is presented separately after other net assets on the face of the balance sheet. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit or loss. The net interest on the net defined benefit surplus/(deficit) is included in interest payable and similar expenses and is calculated by applying the discount rate at the beginning of the period to the net defined benefit surplus/(deficit) taking account of changes arising as a result of contributions and benefit payments. Actuarial gains and losses are recognised directly in other comprehensive income and will not be reclassified to the profit and loss account. The company also operates a defined contribution scheme for qualifying members, the cost of which are charged to the profit and loss account.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

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.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price adjusted for 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), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

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.

(ii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Taxation

Current tax, including UK corporation tax and foreign 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 recognised.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

2. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The preparation of financial statements to conform to generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgements

Recoverability of deferred tax assets

of The recognition of deferred tax assets on tax losses incurred in the year or during previous years was accounted for to the extent that it is probable that taxable income will be available in the future against which they can be utilised. Such probability is also determined based on the fact that such losses have originated under circumstances that are unlikely to occur again in the future. The Directors of the company have examined the profitability of the future business for the next three years for the purpose of this assessment using reasonable forecasts of trade.

Recognition of pension asset

One of the pension schemes is in a net asset position, and has been recorded as such on the Balance Sheet as it cannot be offset against the liability position of other schemes. The Directors have reviewed the scheme rules and determined that it is appropriate to record a pension asset based on the terms of the scheme and how pension surpluses would be treated should the scheme be wound up.

Key sources of estimation uncertainty

Pension plans

The net defined benefit pension scheme deficits of £9,683,000 (2020 - £26,672,000) recorded in the company's balance sheet are based on assumptions applied by the directors using data provided from the actuaries who offer their consulting services to the company and use different statistical assumptions in order to anticipate future events for the purpose of estimating pension plan expenses, liabilities and assets. Such assumptions concern discount rate, future wage inflation rates, mortality and turnover rates. See note 19 for details.

3. TURNOVER

The turnover of the company is entirely attributable to its principal activity which is sale of goods. The geographical analysis of turnover is as follows:

	2021	2020
	£'000	£'000
Geographical analysis by destination		
United Kingdom and Europe	39,809	39,331
Rest of the world	903	525
	40,712	39,856
	40,712	39,856

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

4. OTHER OPERATING INCOME

Other operating income was £2,189,000 (2020: £871,000). During 2021, a settlement in relation to an ongoing legal claim against advisors regarding historical pension administrative discrepancies has been reached and an amount of £2,100,000 (2020: nil) has been received by the company. The amount received was paid into the company's defined benefit schemes as an additional employer contribution.; In addition, the company also received £89,000 (2020: £871,000) via the Government's Coronavirus Job Retention Scheme in relation to staff who had been furloughed following government Covid guidelines.

5. NET OPERATING EXPENSES

	2021	2020
	£'000	£'000
Distribution costs	1,229	1,357
Administrative expenses	4,208	6,808
	5,437	8,165

During the year, the company identified that in the previous year, plant and machinery depreciation had been presented within operating expenses rather than within cost of sales. The company has made a judgement to not restate the prior year numbers based on their materiality and the fact that it does not impact any of the company's primary KPIs, or amounts disclosed in the Strategic Report, with the view of the primary users of the financial statement not expected to be altered.

6. DIRECTORS' EMOLUMENTS

	2021	2020
	£'000	£'000
Aggregate emoluments (including benefits in kind)	262	166
Pension contributions	5	15
	267	181

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £ 177,000 (2020 is £166,000). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £1,223 (2020 :£15,000)

Certain directors are remunerated by other group entities for their services to the group as a whole. The amount of remuneration which relates to qualifying services for the company is estimated to be a nominal amount (less than £1,000) in both years.

There is one Director in the defined benefit scheme and one in the defined contribution scheme during 2021 (same as 2020).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

7. EMPLOYEE INFORMATION

The average weekly number of persons (including executive directors) employed during the year was:

	2021	2020
By activity	Number	Number
Production	180	199
Selling, distribution and administration	11	11
	191	210
	£'000	£'000
Staff costs (for the above persons):		
Wages and salaries	5,115	5,835
Social security costs	475	565
Other pension costs (see note 19)		
-Defined contribution cost	253	307
-Defined benefit non-investment expense	478	374
-Defined benefit current service cost	-	24
-Defined benefit past service cost	-	97
	6,321	7,202
Less own labour costs capitalised	(67)	(150)
	6,254	7,052

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
Interest receivable on cash balances	3	27
	<u>3</u>	<u>27</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £'000	2020 £'000
Bank charges	26	19
Interest payable on finance leases	63	90
Net interest charged on defined benefit pension schemes (note 19)	323	338
Other interest payable	14	14
	<u>426</u>	<u>461</u>

10. EXPENSES AND AUDITOR'S REMUNERATION

	2021 £'000	2020 £'000
Included in profit are the following:		
Depreciation charge for the year:		
Tangible fixed assets – owned	1,417	1,506
Tangible fixed assets - leased	145	143
Amortisation of intangible fixed assets	354	518
Auditor's remuneration – audit services	63	82
Operating lease charges:		
Land	90	90
Plant and machinery	77	97
Motor vehicles	36	61
(Reversal of impairment)/Impairment of trade debtors	(100)	45
Impairment of Intangible Fixed Assets	470	-
Research expenditure	82	198
Foreign exchange loss/(gain)	<u>(195)</u>	<u>77</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

11. TAXATION

	2021 £'000	2020 £'000
Current tax		
United Kingdom corporation tax:		
Current tax on income for the year	-	115
Adjustment in respect of prior period	(122)	63
Total current tax	(122)	178
Deferred taxation		
Origination and reversal of timing differences	510	165
Changes in tax rates	251	36
Adjustment in respect of prior periods	46	14
Total deferred tax	807	215
Total tax recognised in the Profit and loss Account	685	393
Reconciliation of effective tax rate	£'000	£'000
Profit before tax	2,725	1,477
Tax at 19.00% (2020 – 19.00%)	517	281
Factors affecting charge for the year		
Expenses not deductible for tax purposes	-	(2)
Non-taxable income	(8)	-
Tax rate changes	251	37
Adjustment in respect of previous periods	(75)	77
Total tax charge for the year	685	393

In addition, a deferred tax debit of £2,018,000 (2020: deferred tax credit £2,296,000) has been recognised in other comprehensive income.

There is no expiry date on timing differences, unused tax losses or tax credits.

Factors that may affect future tax charges:

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%, and this increase of the corporation tax rate was substantively enacted on 24 May 2021.

Following this change, deferred tax balances have been measured at the prevailing tax rate when the relevant item is expected to reverse.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

12. INTANGIBLE FIXED ASSETS

Development costs	£'000
Cost	
At 1 January 2021	5,727
Additions	-
Disposals	(3)
	<hr/>
At 31 December 2021	5,724
	<hr/>
Amortisation	
At 1 January 2021	4,707
Charge for the year	354
Impairment	470
	<hr/>
At 31 December 2021	5,531
	<hr/>
Net book value	
At 31 December 2021	193
	<hr/> <hr/>
At 31 December 2020	1,020
	<hr/> <hr/>

The amortisation period for development costs incurred is in line with the expected future sales from the related project from the commencement of the generation of sales. The amortisation for development costs has been recognised within administrative expenses.

The impairment has been calculated based on the Director's assessment of future economic inflows relating to certain development activities, and has been recorded in operating expenses,

Research costs of £82,000 (2020 - £198,000) were expensed within the profit and loss account during the year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

13. TANGIBLE FIXED ASSETS

	Leasehold buildings & improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost					
At 1 January 2021	2,809	25,984	562	666	30,021
Additions	10	491	49	116	666
Disposals	-	(205)	-	-	(205)
Transfers	4	656	6	(666)	-
At 31 December 2021	<u>2,823</u>	<u>26,926</u>	<u>617</u>	<u>116</u>	<u>30,482</u>
Depreciation					
At 1 January 2021	2,559	21,089	520	-	24,168
Charge for the year	145	1,388	29	-	1,562
Disposals	-	(129)	-	-	(129)
At 31 December 2021	<u>2,704</u>	<u>22,348</u>	<u>549</u>	<u>-</u>	<u>25,601</u>
Net book value					
At 31 December 2021	<u>119</u>	<u>4,578</u>	<u>68</u>	<u>116</u>	<u>4,881</u>
At 31 December 2020	<u>250</u>	<u>4,895</u>	<u>42</u>	<u>666</u>	<u>5,853</u>
Leased assets included above:					
Net book value					
At 31 December 2021	<u>91</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91</u>
At 31 December 2020	<u>227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

14. STOCKS

	2021	2020
	£'000	£'000
Raw materials and consumables	1,458	1,353
Work in progress	178	238
Finished goods and goods for resale	1,343	2,537
	2,979	4,128

The cost of inventories recognised as an expense during the year was £24,288,000 (2020 - £22,864,000).

All inventory is expected to be used within 12 months.

15. DEBTORS

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Trade debtors	5,559	5,069
Amounts owed by group undertakings		
Parent company and fellow subsidiary undertakings (see below)	18,260	15,964
Deferred tax asset (see note 17)	2	35
Corporation Tax	120	-
Other debtors	20	28
Prepayments and accrued income	199	223
	24,160	21,319
Amounts falling due after more than one year		
Deferred tax asset (see note 17)	2,276	5,068

The amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

16. CREDITORS

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Finance leases due within one year	335	299
Trade creditors	3,787	6,115
Amounts owed to group undertakings:		
Parent company and fellow subsidiary undertakings (see below)	1,775	2,319
Corporation tax	-	180
Other taxation and social security	627	554
Accruals and deferred income	1,315	829
Other Creditors	2,915	-
	<u>10,754</u>	<u>10,296</u>
 Amounts falling due after more than one year		
Finance leases due after more than one year:	-	332
	<u>-</u>	<u>332</u>

The amounts owed to group undertakings are unsecured, interest-free and repayable on normal trading terms.

The company has changed the classification of certain creditors falling due within one year in the current year to reflect a re-assessment of the underlying nature of individual balances and transactions. The prior year numbers have not been restated based on their materiality and the fact that it is a re-presentation of balances within the same balance sheet caption which would not affect the users of the financial statements.

17. DEFERRED TAXATION

	2021	2020
	£'000	£'000
Deferred taxation		
Deferred capital allowances	2	29
Losses and short-term differences	-	6
	<u>2</u>	<u>35</u>
Net deferred tax asset included in debtors due within one year		
Net deferred tax asset in relation to pension schemes due in more than one year	2,276	5,068
	<u>2,278</u>	<u>5,103</u>
Net deferred tax asset included in debtors		
	£'000	£'000
Net deferred tax asset at 1 January	5,103	3,022
Deferred tax in profit and loss account (note 11)	(807)	(215)
Deferred tax in other comprehensive income	(2,018)	2,296
	<u>2,278</u>	<u>5,103</u>
Net deferred tax asset at 31 December		
	<u>2,278</u>	<u>5,103</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

18. PROVISIONS FOR LIABILITIES

	Warranty £'000	Other £'000	Total £'000
At 1 January 2021	-	497	497
(Credited)/charged to profit and loss account	-	-	-
Utilised	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2021	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Other

The company has a building dilapidation provision of £371,000 (2020: £371,000) and restructuring costs of £nil (2020: £8,000).

On the 26th October 2018, a High Court judgement was handed down with respect to Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC regarding the requirement for pension schemes to equalise for the effect of inequalities in Guaranteed Minimum Pensions ("GMP") between male and female members, the company has provided £125,000 (2020: £125,000) for legal and actuarial costs to implement this change to the pension schemes. The costs of the GMP additional benefits have been accounted for in the defined benefit pension balances.

19. PENSION AND SIMILAR OBLIGATIONS

The company operates four pension schemes providing benefits based on final pensionable salary. The assets of the schemes are held separately from those of the company in separate trustee-administered funds. Funding of the schemes is made based on a proportion of relevant staff salaries with additional annual funding to reduce the deficit as agreed with the trustees under the relevant schedule of contributions.

The company participates in the following pension arrangements:

- Fram Europe Limited Retirement Benefit Plan (defined benefit) (Fram scheme)
- Coopers Filters Limited Retirement Benefit Plan (defined benefit) (Coopers scheme)
- Filtrauto UK Limited Works Scheme (Works scheme)
- Filtrauto UK Limited Staff Scheme (Staff scheme)

The most recent actuarial valuations of the schemes were carried out as stated below and updated to 31st December 2021 by Quantum Advisory using the projected unit method. All four schemes are closed to future accrual.

	Date of last triennial valuation	Closed to future accrual
Fram	31/3/21	31/3/20
Coopers	5/4/19	30/9/17
Filtrauto Staff	31/3/19	27/5/16
Filtrauto Works	31/3/19	31/12/05

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

19. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

The principal assumptions for the schemes, together with aggregated information in relation to the schemes, are set out below:

	2021	2020
	Works, Staff, Fram and Coopers %	Works, Staff, Fram and Coopers %
Principal assumptions		
Rate of increase in salaries:		
Fram	n/a	n/a
Coopers	n/a	n/a
Rate of increase in pensions in payment:		
Fram	2.80	2.20
Coopers	2.80	2.20
Staff	3.40	2.90
Works	3.40	2.90
Discount rate	1.90	1.30
Inflation assumption – RPI	3.50	3.00
Rate of increase in deferred pensions		
Fram	2.80	2.20
Coopers	2.80	2.20
Staff	3.50	3.00
Works	3.50	3.00

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2021 Works, Staff, Fram and Coopers	2020 Works, Staff, Fram and Coopers
Retiring today		
Males	21.1	21.1
Females	23.5	23.4
Retiring in 20 years		
Males	22.0	22.1
Females	24.6	24.6

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

19. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

The aggregated assets in the schemes were:

	Total value at 31 December 2021 £'000	Total value at 31 December 2020 £'000
Equities	20,065	-
Absolute return	20,783	70,144
Bonds	55,326	43,141
Alternatives	32,756	24,837
Other	16,717	3,131
	<u>145,647</u>	<u>141,253</u>
 Total market value of assets	<u>145,647</u>	<u>141,253</u>
 Actual return on plan assets	<u>5,930</u>	<u>12,168</u>

	2021 £'000	2020 £'000
Analysis of the movement in the market value of the scheme assets		
Scheme assets at the beginning of the year	141,253	133,614
Interest income	1,826	2,627
Actuarial (loss)/gain	4,104	9,541
Contribution by the employer	4,169	1,695
Contribution by scheme participants	-	1
Benefits paid	(5,227)	(5,851)
Non-investment expense	(478)	(374)
	<u>145,647</u>	<u>141,253</u>

	2021 £'000	2020 £'000
Analysis of movement in the present value of scheme liabilities		
Scheme liabilities at the beginning of the year	167,925	151,118
Current service cost	-	24
Interest cost	2,149	2,965
Contributions by scheme participants	-	1
Actuarial (gain)/loss	(9,517)	19,571
Benefits paid	(5,227)	(5,851)
Past service cost	-	97
	<u>155,330</u>	<u>167,925</u>
 Scheme liabilities at the end of the year	<u>155,330</u>	<u>167,925</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

19. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2021 Schemes in deficit £'000	2021 Schemes in surplus £'000	Total value at 31 December 2021 £'000
Schemes			
Works	(501)	-	(501)
Staff	(1,554)	-	(1,554)
Fram	-	4,376	4,376
Coopers	(12,004)	-	(12,004)
	<u>(14,059)</u>	<u>4,376</u>	<u>(9,683)</u>
	2020 Schemes in deficit £'000	2020 Schemes in surplus £'000	Total value at 31 December 2020 £'000
Schemes			
Works	(2,178)	-	(2,178)
Staff	(4,555)	-	(4,555)
Fram	(3,122)	-	(3,122)
Coopers	(16,817)	-	(16,817)
	<u>(26,672)</u>	<u>-</u>	<u>(26,672)</u>

Analysis of amount charged to profit or loss

	2021 £'000	2020 £'000
Operating profit:		
Current service cost	-	24
Non-investment expenses	478	374
Past service cost	-	97
Interest payable and similar expenses:		
Net interest on pension scheme deficit/(surplus)	323	338
Total cost recognised in profit for the financial year	<u>801</u>	<u>833</u>

Analysis of amount charged to other comprehensive income/(expense)

	2021 £'000	2020 £'000
Actuarial gain/(loss) on scheme liabilities	9,517	(19,571)
Actuarial (loss)/gain on scheme assets	4,104	9,541
Total income/(expense) recognised in other comprehensive income for the financial year	<u>13,621</u>	<u>(10,030)</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

19. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2021	2020
	£'000	£'000
Defined contribution scheme	<u>253</u>	<u>307</u>

The outstanding contributions due to the schemes at the year-end represented the unpaid contributions for December and were as follows:

	2021	2020
	£'000	£'000
Defined contribution scheme	<u>42</u>	<u>46</u>

20. CALLED UP SHARE CAPITAL

	2021	2020
	£'000	£'000
Allotted, called up and fully paid 5,126,737 ordinary shares of £1 each	<u>5,127</u>	<u>5,127</u>

21. RESERVES

Share premium

This reserve represents the excess of amounts subscribed for issued shares over the nominal value of the shares.

Profit and loss account

This reserve relates to the cumulative retained profits and losses and other comprehensive income less amounts distributed to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

22. FINANCIAL COMMITMENTS

Operating leases

The future minimum lease payments under non-cancellable operating leases are as follows:

	2021		2020	
	Land £'000	Other £'000	Land £'000	Other £'000
Due within one year	68	89	90	90
Due between two and five years	-	111	68	156
Due after five years	-	-	-	-
	68	200	158	246
Lease payments under operating leases recognised as an expense in the year	90	113	90	158

23. ULTIMATE PARENT UNDERTAKING

The immediate parent company is Sogefi Filtration SA. Sogefi Filtration SA is the parent undertaking of the smallest group to consolidate these financial statements. The ultimate parent company is Fratelli De Benedetti SpA, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the group financial statements of Fratelli De Benedetti SpA may be obtained from Sogefi SpA, Via Ciovassino 1/a 20121, Italy.