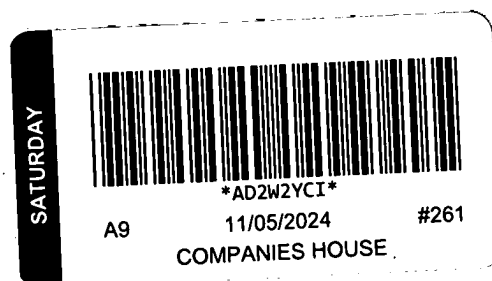


SOGEFI FILTRATION LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2023.



REPORT AND FINANCIAL STATEMENTS 2023

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SOGEFI FILTRATION LIMITED

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

MHA (MacIntyre Hudson LLP)
6th Floor
2 London Wall Place
London
CE2Y 5AU

DIRECTORS' REPORT

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

DIVIDENDS

No dividends in respect of the year ended 31 December 2023 were paid or declared in the year.

Interim dividend, £10,500,000.00 were declared in the year of 2023.

DIRECTORS

Darryl James

Julien Grange

Sonia Jamgotchian

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 MHA (MacIntyre Hudson 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 s418 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

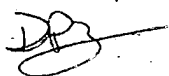
The company did not make any political donations during the year (2022: none).

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.

Post balance sheet events have been disclosed in Note 23. 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 15/04/2024

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 industry, with both existing and new customers which will be achieved by utilising all resources available to be expert in the market. 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 2023, the company were continue affected by the high cost of global commodity and energy, on top of that, the record high inflation in UK had negative impacts on the company's performance. To mitigating the risk, sales price negotiations were initiated with customers to pass-on part of the incremental cost to achieve sufficient margin for the company to survive in this hash economic environment; company had successfully secure the UK Government's energy cost support schemes, such as ETII, to reduce the impact of energy volatility during 2023. The company will carry on using the group purchase power to reduce the raw material price increase impact. With all of actions, the company continue present itself as a strong and sustainable link in the automotive supply chain business.

In regarding workplace safety, all necessary measures and implemented protocols in line with UK governmental law and Group company guidelines are continue 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 2023 was £40,154,000 (2022 - £42,078,000). The reduction of sales mainly comes from volume drop on OE passenger demand, customers start rationalise their production and stock holding after the disruption of pandemic and also moving toward to alternative powertrains such as electric vehicles. However, the demand and life span of combustion engines are still stable and consistent with our forecast in 2024 and beyond.

The company achieved an EBIT of £4,088,000 (2022 - £4,233,000). During the year, company continue faced high cost of material, energy and labour cost, some of the material cost increases had been passed on to customers in the second half of year 2023 and the company had utilised UK government energy cost support, i.e. ETII, to reduce the utility cost, plus in house cost reduction projects also contributed to keeping the business more effective and efficient during the year.

The company has defined benefit pension schemes. The overall pension asset is £5,504,000 (2022, deficit £4,746,000), as set out in Note 19. The reduction in the deficit is largely driven by contribution of £10,803,000 (2022 - £2,044,000).

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 £42,000 (2022 - £36,000) and £0 was capitalised (2022 - £22,000) of development costs.

SOGEFI FILTRATION LIMITED**STRATEGIC REPORT****KEY PERFORMANCE INDICATORS**

Relevant KPIs are set out below:

	2023	2022
Turnover (£m)	40.2	42.1
Other Income (£m)	0.0	0.0
Operating profit (£m)	4.1	4.2
EBITDA* (£m)	5.2	5.8
Net current assets (£m)	10.8	27.7
Operating profit/turnover (%)	10%	10%
Operating profit/per employee (£'000)	26.5	25.5
Turnover increase/(decrease) (%)	(4.6%)	3.4%

*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.

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. UK inflation raised to decades high in 2022, then the inflation gradually claim down through 2023 but still very high, therefore, the company is continue facing challenges this year. The company wishes to position itself as long term and sustainable business partners with our suppliers and customers, to achieve this, the company utilise more on group buying power to mitigate material price increase risk, also actively share information with customer to pass-on some of the cost. 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.

STRATEGIC REPORT

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 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

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 £12,978,000 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.

SOGEFI FILTRATION LIMITED

STRATEGIC REPORT

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 2023.

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:

- Energy consumption monitoring project utilising specialist software – ClareVue. This should be completed in early 2024 to provide real time report on energy consumption patterns to help identify savings.
- Continue with shut-down protocol for all non-operational machines...
- 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.

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 2023	FY 2022
UK energy use (kWh) – see (1)	6,270,872	6,189,895
Associated Greenhouse gas emissions (tonnes CO2 equivalent) - see (2)	1,285	1,210
Intensity Ratio: Tonnes of CO2 per total £m sales revenue	32.00	28.75

(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).

Since April 2023, the company switched to new electricity supply contract with 100% renewable energy sources, following recommendation from SECR board, we dual report our Energy and Carbon reporting as below:

	FY 2023	FY 2022
UK energy use (kWh) – see (1)	630,685	6,189,895
Associated Greenhouse gas emissions (tonnes CO2 equivalent) - see (2)	631	1,210
Intensity Ratio: Tonnes of CO2 per total £m sales revenue	15.71	28.75

Approved and signed by the Directors



D James
 Director
 Date 15/04/2024

Crown Business Park
 Tredegar, Gwent
 NP22 4EF

SOGEFI FILTRATION LIMITED

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 and in accordance with United Kingdom Generally Accepted Accounting Practice.

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 United Kingdom Generally Accepted Accounting Practice (FRS 102).

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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.



D James
Director
Date 15/04/2024

Crown Business Park
Tredegar, Gwent
NP22 4EF

SOGEFI FILTRATION LIMITED

INDEPENDENT AUDITORS' 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 2023 which comprise Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the company's financial statements 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 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 FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with those 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 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.

SOGEFI FILTRATION LIMITED

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 by 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.

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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in tax functions and external advisors to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

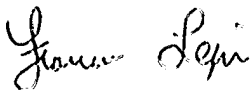
- Discussing amongst the engagement team in relation to how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Discussing with management over any potential or suspected fraud;
- Performing audit work over the recognition of revenue on deliveries of goods/income/services occurring at the year end to provide assurance over cut-off;
- Performing substantive tests of detail over the completeness/existence of income within the financial system;
- Performing substantive analytical review procedures reconciling expected income from corroborating evidence to that which had been recorded in the financial statements to ensure that income was complete;
- Performing an assessment of the methodologies used in order to calculate the significant estimates/provisions at the year end for evidence of bias, also involving (where needed) audit experts;
- Considering alternative estimation approaches including using (where available) actual post year end outcomes in order to provide assurance over the potential for material misstatement;
- Checking accounting policies to the financial reporting standards where necessary and confirmed to be appropriate.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for 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.

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.



Francesco Lepri FCA
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
Date 15/04/2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (Registered number OC312313).

SOGEFI FILTRATION LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2023

	Note	2023 £'000	2022 £'000
TURNOVER	3	40,154	42,078
Cost of sales		<u>(31,356)</u>	<u>(32,780)</u>
GROSS PROFIT		8,798	9,298
Total net operating expenses	4	<u>(4,710)</u>	<u>(5,065)</u>
OPERATING PROFIT		4,088	4,233
Interest receivable and similar income	7	1,056	310
Interest payable and similar expenses	8	<u>(389)</u>	<u>(236)</u>
PROFIT BEFORE TAXATION	9	4,755	4,307
Tax on profit	10	<u>1,149</u>	<u>(894)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>5,904</u></u>	<u><u>3,413</u></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 2023

	Note	2023 £'000	2022 £'000
Profit for the financial year		5,904	3,413
Re-measurement of net defined benefit liability	18	(21)	3,508
Movement on deferred tax in relation to pension deficit	16	<u>(2,117)</u>	<u>(639)</u>
Total comprehensive income/(loss) for the financial year		<u><u>3,766</u></u>	<u><u>6,282</u></u>

BALANCE SHEET
As at 31 December 2023

	Note	2023 £'000	2022 £'000
FIXED ASSETS			
Intangible assets	11	-	21
Tangible assets	12	4,439	4,014
		<u>4,439</u>	<u>4,035</u>
CURRENT ASSETS			
Pension asset	18	5,817	5,369
Stocks	13	3,936	3,670
Debtors			
- amounts falling due within one year	14	20,628	28,925
- amounts falling due after more than one year	14	613	1,210
Cash at bank and in hand		1,163	1,458
		<u>32,157</u>	<u>40,632</u>
CREDITORS: amounts falling due within one year	15	<u>(21,350)</u>	<u>(12,887)</u>
NET CURRENT ASSETS		<u>10,807</u>	<u>27,745</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,245	31,780
Provisions for liabilities	17	(643)	(642)
Pension liability	18	(313)	(10,115)
NET ASSETS		<u>14,289</u>	<u>21,023</u>
CAPITAL AND RESERVES			
Called up share capital	19	5,127	5,127
Share premium account	20	2,000	2,000
Profit and loss account	20	7,163	13,896
SHAREHOLDERS FUNDS		<u>14,289</u>	<u>21,023</u>

The financial statements of Sogefi Filtration Limited, registered number 00693949, were approved and signed by the Directors and authorised for issue on 15/04/2024.



D James
 Director

SOGEFI FILTRATION LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2023

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2022	5,127	2,000	7,614	14,741
Profit for the year	-	-	3,413	3,413
Other comprehensive income:				
Re-measurement of pension schemes	-	-	3,508	3,508
Movement on deferred tax in relation to pension deficit	-	-	(639)	(639)
Balance at 31 December 2022	<u>5,127</u>	<u>2,000</u>	<u>13,896</u>	<u>21,023</u>
Profit for the period	-	-	5,904	5,904
Other comprehensive income:				
Dividend payable	-	-	(10,500)	(10,500)
Re-measurement of pension schemes	-	-	(21)	(21)
Movement on deferred tax in relation to pension deficit	-	-	(2,117)	(2,117)
Balance at 31 December 2023	<u>5,127</u>	<u>2,000</u>	<u>7,162</u>	<u>14,289</u>

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2023

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 Sogefi SpA which include the results of Sogefi Filtration Limited:

- the exemption from certain financial instrument disclosures.

Copies of the consolidated financial statements of Sogefi 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.sogefi.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 2023, the company had net current assets of £10,807,000; net assets of £14,289,000 and reported a profit for the year then ended of £5,904,000.

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 £12,978,000 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023**1. ACCOUNTING POLICIES (continued)****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.

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.

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 weighted average cost 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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

1. ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

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 2023

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

Recognition of pension asset

Some 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 assets of £5,504,000 (2022 - £4,746,000) 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:

	2023	2022
	£'000	£'000
Geographical analysis by destination		
United Kingdom and Europe	39,586	41,383
Rest of the world	568	695
	40,154	42,078
	40,154	42,078

SOGEFI FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

4. NET OPERATING EXPENSES

	2023	2022
	£'000	£'000
Distribution costs	1,190	1,200
Administrative expenses	3,520	3,865
	<u>4,710</u>	<u>5,065</u>

5. DIRECTORS' EMOLUMENTS

	2023	2022
	£'000	£'000
Aggregate emoluments (including benefits in kind)	122	97
Pension contributions	5	5
	<u>5</u>	<u>5</u>

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 are no Directors in the defined benefit scheme and one in the defined contribution scheme during 2023 (same as 2022).

6. EMPLOYEE INFORMATION

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

	2023	2022
	Number	Number
By activity		
Production	141	152
Selling, distribution and administration	13	14
	<u>154</u>	<u>166</u>
	£'000	£'000
Staff costs (for the above persons):		
Wages and salaries	4,559	4,694
Social security costs	399	450
Other pension costs (see note 19)		
-Defined contribution cost	231	243
-Defined benefit non-investment expense	373	445
	<u>5,562</u>	<u>5,832</u>
Less own labour costs capitalised	-	-
	<u>5,562</u>	<u>5,832</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	2022
	£'000	£'000
Interest receivable on cash balances (from Intercompany cash pooling)	1,056	310
	1,056	310

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£'000	£'000
Bank charges	24	25
Interest payable on finance leases		(2)
Net interest charged on defined benefit pension schemes (note19)	159	170
Interest payable (from Intercompany cash pooling)	176	
Other interest payable	30	43
	389	236

9. EXPENSES AND AUDITOR'S REMUNERATION

	2023	2022
	£'000	£'000
Included in profit are the following:		
Depreciation charge for the year:		
Tangible fixed assets – owned	1,135	1,219
Tangible fixed assets – leased	10	99
Amortisation of intangible fixed assets	4	209
Auditor's remuneration – audit services	41	69
Operating lease charges:		
Land	595	72
Plant and machinery	89	88
Motor vehicles	42	38
(Reversal of impairment)/Impairment of trade debtors	60	(18)
(Reversal of impairment)/Impairment of Intangible Fixed Assets	18	(16)
Research expenditure	42	36
Foreign exchange loss/(gain)	122	(317)
	1,228	1,228

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

10. TAXATION

	2023 £'000	2022 £'000
Current tax		
United Kingdom corporation tax:		
Current tax on income for the year	237	457
Adjustment in respect of prior period	137	8
Total current tax	<u>374</u>	<u>465</u>
Deferred taxation		
Origination and reversal of timing differences	(1,180)	420
Changes in tax rates	0	0
Adjustment in respect of prior periods	(343)	9
Total deferred tax	<u>(1,523)</u>	<u>429</u>
Total tax recognised in the Profit and loss Account	<u>(1,149)</u>	<u>894</u>
Reconciliation of effective tax rate	£'000	£'000
Profit before tax	4,755	4,307
Tax at 23.50% (2022 – 19.00%)	1,118	818
Factors affecting charge for the year		
Expenses not deductible for tax purposes	-	-
Non-taxable income	5	4
Tax rate changes	(71)	201
Pension relief shown through OCI	(1,998)	-
Adjustment in respect of previous periods	(203)	(129)
Total tax charge for the year	<u>(1,149)</u>	<u>894</u>

In addition, a deferred tax debit of £2,120,000 (2022: deferred tax debit £635,000) 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:

From 1 April 2023 corporation tax rate will increase to 25%, and this increase of the corporation tax rate was substantively enacted on 31st Dec 2023.

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

The company is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the United Kingdom the jurisdiction in which the entity is incorporated and will come into effect from 1 January 2024. Based on the analysis performed by Sogefi SpA (for all Sogefi Group), the Company is not exposed to Top-up Tax under the GloBE Rules.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

11. INTANGIBLE FIXED ASSETS

Development costs	£'000
Cost	
At 1 January 2023	5,746
At 31 December 2023	<u>5,746</u>
Amortisation	
At 1 January 2023	5,724
Charge for the year	4
(Reversal of impairment)/Impairment	18
At 31 December 2023	<u>5,746</u>
Net book value	
At 31 December 2023	<u>-</u>
At 31 December 2022	<u>21</u>

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.

Research costs of £42,000 (2022 - £36,000) were expensed within the profit and loss account during the year.

SOGEFI FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

12. 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 2023	157	27,343	618	146	28,264
Additions	31	561	90	888	1,570
Transfers	-	134	12	(146)	-
At 31 December 2023	<u>188</u>	<u>28,038</u>	<u>720</u>	<u>888</u>	<u>29,834</u>
Depreciation					
At 1 January 2023	134	23,536	580	-	24,250
Charge for the year	10	1,104	31	-	1,145
Disposals	-	-	-	-	-
At 31 December 2023	<u>144</u>	<u>24,640</u>	<u>611</u>	<u>-</u>	<u>25,395</u>
Net book value					
At 31 December 2023	<u>44</u>	<u>3,398</u>	<u>109</u>	<u>888</u>	<u>4,439</u>
At 31 December 2022	<u>23</u>	<u>3,807</u>	<u>38</u>	<u>146</u>	<u>4,014</u>
Leased assets included above:					
Net book value					
At 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

13. STOCKS

	2023	2022
	£'000	£'000
Raw materials and consumables	1,570	1,727
Work in progress	193	174
Finished goods and goods for resale	2,173	1,769
	3,936	3,670
	3,936	3,670

Cost of inventories recognised as an expense during the year was £21,189,000 (2022: £22,556,000).

14. DEBTORS

	2023	2022
	£'000	£'000
Amounts falling due within one year		
Trade debtors	6,241	6,931
Amounts owed by group undertakings		
Parent company and fellow subsidiary undertakings (see below)	14,313	21,879
Other debtors	-	40
Prepayments and accrued income	74	75
	20,628	28,925
	20,628	28,925
Amounts falling due after more than one year		
Deferred tax asset (see note 16)	613	1,210
	613	1,210

The amounts owed by group undertakings are unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

15. CREDITORS

	2023	2022
	£'000	£'000
Amounts falling due within one year		
Finance leases due within one year	0	0
Trade creditors	3,360	3,983
Amounts owed to group undertakings:		
Parent company and fellow subsidiary undertakings (see below)	13,170	4,853
Corporation tax	720	346
Other taxation and social security	667	583
Accruals and deferred income	1,147	584
Other Creditors	2,286	2,538
	<u>21,350</u>	<u>12,887</u>
 Amounts falling due after more than one year		
Finance leases due after more than one year	<u>-</u>	<u>-</u>

The amounts owed to group undertakings are unsecured, repayable on normal trading terms.

Creditors balance include Interim dividend, £10,500,000.00 declared during the period but still unpaid at 31 December 2023.

16. DEFERRED TAXATION

	2023	2022
	£'000	£'000
Deferred taxation		
Deferred capital allowances	376	(82)
Losses and short-term differences	1,613	105
	<u>1,990</u>	<u>23</u>
Net deferred tax asset included in debtors due within one year	1,990	23
Net deferred tax asset in relation to pension schemes due in more than one year	(1,376)	1,187
	<u>613</u>	<u>1,210</u>
Net deferred tax asset included in debtors	<u>613</u>	<u>1,210</u>
	£'000	£'000
Net deferred tax asset at 1 January	1,210	2,278
Deferred tax in profit and loss account (note 10)	1,523	(429)
Deferred tax in other comprehensive income	(2,120)	(639)
	<u>613</u>	<u>1,210</u>
Net deferred tax asset at 31 December	<u>613</u>	<u>1,210</u>

The Losses and short Term differences of £1,613,000.00 is due to spreading tax relief over 4 years as the result of excess contributions made by the company in 2023.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

17. PROVISIONS FOR LIABILITIES

	Warranty £'000	Other £'000	Total £'000
At 1 January 2023	-	642	642
(Credited)/charged to profit and loss account	-	-	-
Utilised	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2023	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Other

The company has a building dilapidation provision of £517,000 (2022: £516,000).

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 (2022: £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.

18. 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 2023 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	31/03/21	31/03/20
Coopers	05/04/22	30/09/17
Filtrauto Staff	31/03/22	27/05/16
Filtrauto Works	31/03/22	31/12/05

SOGEFI FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

18. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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

	2023	2022
	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	2.70	2.60
Coopers	2.70	2.60
Staff	3.00	3.10
Works	3.00	3.10
Discount rate	4.60	4.80
Inflation assumption – RPI	3.10	3.20
Rate of increase in deferred pensions		
Fram	2.70	2.60
Coopers	2.70	2.60
Staff	3.10	3.20
Works	3.10	3.20

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

	2023 Works, Staff, Fram and Coopers	2022 Works, Staff, Fram and Coopers
Retiring today		
Males	20.3	21.1
Females	22.8	23.5
Retiring in 20 years		
Males	21.2	22.1
Females	24.0	24.7

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

18. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

The aggregated assets in the schemes were:

	Total value at 31 December 2023 £'000	Total value at 31 December 2022 £'000
Equities	9,424	8,321
Absolute return	2,536	20,352
Bonds	69,371	51,222
Alternatives	20,876	8,606
Other	2,668	6,856
Total market value of assets	104,875	95,357
Actual return on plan assets	4,529	(46,028)
	2023 £'000	2022 £'000
Analysis of the movement in the market value of the scheme assets		
Scheme assets at the beginning of the year	95,357	145,647
Interest income	4,515	2,726
Actuarial (loss)/gain	14	(48,754)
Contribution by the employer	10,803	2,044
Contribution by scheme participants	-	-
Benefits paid	(5,441)	(5,861)
Non-investment expense	(373)	(445)
Scheme assets at the end of the year	104,875	95,357
	2023 £'000	2022 £'000
Analysis of movement in the present value of scheme liabilities		
Scheme liabilities at the beginning of the year	100,103	155,330
Current service cost	-	-
Interest cost	4,674	2,896
Contributions by scheme participants	-	-
Actuarial (gain)/loss	35	(52,262)
Benefits paid	(5,441)	(5,861)
Past service cost	-	-
Scheme liabilities at the end of the year	99,371	100,103

SOGEFI FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

18. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2023 Schemes in deficit	2023 Schemes in surplus	Total value at 31 December 2023
	£'000	£'000	£'000
Schemes			
Works	-	375	375
Staff	-	434	434
Fram	-	5,008	5,008
Coopers	(313)	-	(313)
	<u>(313)</u>	<u>5,817</u>	<u>5,504</u>
	<u><u>(313)</u></u>	<u><u>5,817</u></u>	<u><u>5,504</u></u>
	2022 Schemes in deficit	2022 Schemes in surplus	Total value at 31 December 2022
	£'000	£'000	£'000
Schemes			
Works	(237)	-	(237)
Staff	(991)	-	(991)
Fram	-	5,369	5,369
Coopers	(8,887)	-	(8,887)
	<u>(10,115)</u>	<u>5,369</u>	<u>(4,746)</u>
	<u><u>(10,115)</u></u>	<u><u>5,369</u></u>	<u><u>(4,746)</u></u>

Analysis of amount charged to profit or loss

	2023	2022
	£'000	£'000
Operating profit:		
Current service cost	-	-
Non-investment expenses	373	445
Past service cost	-	-
Interest payable and similar expenses:		
Net interest on pension scheme deficit/(surplus)	159	170
	<u>532</u>	<u>615</u>
Total cost recognised in profit for the financial year	<u><u>532</u></u>	<u><u>615</u></u>

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

	2023	2022
	£'000	£'000
Actuarial gain/(loss) on scheme liabilities	(35)	52,262
Actuarial (loss)/gain on scheme assets	14	(48,754)
	<u>21</u>	<u>3,508</u>
Total income/(expense) recognised in other comprehensive income for the financial year	<u><u>21</u></u>	<u><u>3,508</u></u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

18. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2023	2022
	£'000	£'000
Defined contribution scheme	<u>231</u>	<u>244</u>

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

	2023	2022
	£'000	£'000
Defined contribution scheme	<u>32</u>	<u>38</u>

19. CALLED UP SHARE CAPITAL

	2023	2022
	£'000	£'000
Allotted, called up and fully paid 5,126,737 ordinary shares of £1 each	<u>5,127</u>	<u>5,127</u>

20. 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.

SOGEFI FILTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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21. FINANCIAL COMMITMENTS

Operating leases

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

	2023		2022	
	Land £'000	Other £'000	Land £'000	Other £'000
Due within one year	515	49	386	97
Due between two and five years	2,059	50	2,059	63
Due after five years	1,802	-	2,317	-
	<u>4,376</u>	<u>99</u>	<u>4,763</u>	<u>161</u>
Lease payments under operating leases recognised as an expense in the year	<u>595</u>	<u>131</u>	<u>72</u>	<u>126</u>

Increase mainly refer to the factory building site lease renewed in September 2023 for 10 years.

22. 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.

23. SUBSEQUENT POST BALANCE SHEET EVENT:

On the 23rd February 2024, Sogefi Group had entered into a put option agreement to sell the entire share capital of Sogefi Filtration S.A (Sogefi Filtration Limited's immediate parent company) and Sogefi USA inc.

Sogefi Filtration Limited, as part of the whole Group's Filtration Business Unit will be included in this operation.