Registered number: 00329377

FENNER GROUP HOLDINGS LIMITED

Annual report and audited financial statements

For the year ended 31 December 2021

FENNER GROUP HOLDINGS LIMITED

Company Information

Directors	S Artinian-Fredou (resigned 1 July 2021) B Balmary Maude Portigliatti (appointed 1 July 2021) S Lafon K Rogerson (resigned 21 January 2022) J Howe (appointed 21 January 2022) I Peart (appointed 21 January 2022)
Company secretary	A M Caley (resigned 21 January 2022)
Registered number	00329377
Registered office	C/O Michelin Tyre Plc Campbell Road Stoke-on-Trent ST4 4EY United Kingdom
Independent auditor	Deloitte LLP 1 City Square Leeds LS1 2AL United Kingdom

FENNER GROUP HOLDINGS LIMITED

Contents

Strategic report
For the year ended 31 December 2021

Introduction

The directors present their Strategic report for the year ended 31 December 2021.

Business review and future developments.

The principal activity of the Company is that of an investment holding company.

As an investment holding company, the Company's performance is principally related to the performance of its subsidiary undertakings through dividends received and interest income and any impairments to carrying values of investments in subsidiary undertakings. The Company received £37,142,000 of dividends from its subsidiary undertakings during the year. Impairment reviews were also performed and impairment provisions of £27,945,000 were booked during the year. Overall the performance of the subsidiary undertakings was considered to be satisfactory.

During the year, the Covid-19 pandemic has continued to have an impact on the global economy. The main impact on the wider Group is through the customer and supplier chain which is being monitored closely. Management have performed reforecasting exercises and monitored performance in the going concern assessment. There is no impact on the Company itself other than through the impacts on subsidiaries relevant for the going concern assessment (see page 3).

The invasion of Ukraine in 2022 is likely to have an impact on the Company through some of its subsidiaries, particularly in relation to energy costs and the loss of customers based in Russia. The Group has been monitoring the situation closely. Subsequent to the year end a viability review of the operations of J.H.Fenner & Co Limited, based at Marfleet in Hull, has been launched. See page 4 for further details.

There are no other significant developments.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company relate to the employee benefit scheme. Although the Company has no employees, it is the sponsoring employer of the Fenner Group Scheme and as such the net asset or liability of the scheme is recognised in the Company's balance sheet. Risks can arise from exposure to changes in legislation, interest rates, investment returns, dividends and life expectancy which can increase costs and can have a material impact on the balances reported on the balance sheet.

There are continuing risks and uncertainties over Brexit following the end of the transition phase on 31 December 2020, however the Company does not deem these to be significant to the Company because of the nature of the Company's activities.

During the year, the Covid-19 pandemic has continued to have an impact on the global economy. This is discussed in the Business review above.

There are risks associated with the conflict in Ukraine. This is discussed in the Business review above.

Financial key performance indicators

The key performance indicators that are measured by the Company are operating profit before exceptional items and net assets. Operating profit before exceptional items decreased from £3,045,000 for the year ended 31 December 2020 to £2,317,000 for the year ended 31 December 2021, principally due to lower recharges to subsidiary companies. The net assets of the Company decreased from £224,520,000 as at 31 December 2020 to £75,022,000 as at 31 December 2021, principally due to dividends paid to the parent company of £169,719,000. This was partly offset by dividends received of £37,142,000 less investment impairments of £27,945,000.

Strategic report (continued)
For the year ended 31 December 2021

Section 172(1) Statement

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company, under section 172.

The directors always aim to act in the best interests of the Company, and to be fair and balanced in their approach. The needs of different stakeholders are always considered as well as the consequences of any decision in the long-term and the importance of our internally published high standards of business conduct. More information is given in sub-paragraphs (a) to (d), which correspond to the individual factors disclosed under Section 172(1).

a. Long-term decision making

The directors delegate day-to-day management and decision making to the senior management team, but they maintain oversight of the Company's performance. In addition to this, any major decisions with long-term implications, including significant new business initiatives, would need approval of the Michelin Group, to ensure that the business decisions taken locally are in alignment with the long-term strategy of the Group. Any decisions approved either locally or by the Michelin Group, are then implemented, with subsequent oversight from the directors to ensure management act in accordance with the agreed strategy. Processes are in place to ensure that the directors receive all relevant information to enable them to make well-judged decisions in support of the Company's long-term success, including management KPI's, risk management policies and a robust suite of internal controls, all underpinned by internal audit.

b. Stakeholders

We aim to be fair and ethical in dealings with all our external stakeholders.

c. Reputation for high standards of business conduct

The directors are responsible for developing the culture across the Company, which promotes integrity and transparency. The Company has established comprehensive systems of corporate governance and approves policies and procedures which promote corporate responsibility and ethical behaviour, and these are implemented within the Company.

d. Acting fairly as between members of the Company

The directors aim to understand the views of the sole shareholder and always act in their best interests. In order to do this, the directors work closely with the shareholder to ensure operations, strategy and performance are aligned with the long term objectives of the shareholder, while complying with the Articles of Association of the Company, and in line with the highest standards of conduct as laid out in Group policies.

This report was approved by the board on 31 October 2022 and signed on its behalf.

I Peart
Director

Directors' report
For the year ended 31 December 2021

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

Results and dividends

The profit for the year, after taxation, amounted to £11,444 thousand (2020 - £5,681 thousand).

An interim dividend for the period ended 31 December 2021 of 87.03 (2020 - £NIL) pence per share was paid during the period. This equated to a total dividend of £167,719,000 (2020 - £NIL). The directors do not propose a final dividend (2020 - £NIL).

Directors

The directors who served during the year and subsequently were:

S Artinian-Fredou (resigned 1 July 2021)
B Balmary
Maude Portigliatti (appointed 1 July 2021)
S Lafon
K Rogerson (resigned 21 January 2022)
J Howe (appointed 21 January 2022)
I Peart (appointed 21 January 2022)

Going concern

The Company was profit making of £11,444,000 in the year to 31 December 2021 and has net assets of £75,022,000.

In coming to a conclusion in their review that the Company remains a going concern, the directors have reviewed financial cash forecasts for the Company and its subsidiaries to 30 September 2023 to understand the cash requirements of the Company. The key assumptions within the forecasts reviewed by the directors relate to the continuing impact of the Covid-19 pandemic and the potential impact of the conflict in Ukraine. The forecasts include an assessment of the cash flows and cash position throughout the forecast period. As a result of the work performed, tthe directors believe that adopting the going concern basis in preparing the financial statements is appropriate.

Future developments

The principal activity and future developments are set out in the Strategic report on page 1.

Financial risk management

In the normal course of business, the Company is exposed to certain financial risks. These risks are managed in accordance with risk management policies that are designed to minimise the potential adverse effects of these risks on financial performance. The policies are reviewed and approved by the Board of Fenner Group Holdings Limited. None of these risks are considered to be significant due to the nature of the Company as an investment holding company.

Business relationships

Details regarding engagement with stakeholders can be found in the Section 172(1) Statement within the Strategic report.

Disabled employees

The Company had no employees during the year.

Directors' report (continued)
For the year ended 31 December 2021

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company had no employees during the year and any owned or leased properties are occupied by other group companies and as such any greenhouse gas emissions and energy consumption are not considered to be material.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be 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.

Post balance sheet events

On 19th October we announced the launch of a viability review of the operations of J.H.Fenner & Co Limited, based at Marfleet in Hull. A significant proportion of this subsidiary undertaking's sales are to Russia, and these have been seriously affected by the conflict between Russia and Ukraine. The start of the conflict led to extreme trading challenges, and J.H.Fenner & Co Limited is no longer in a position to supply its largest market. The review will attempt to find alternatives to closing the Marfleet facility, but 71 jobs are at risk of redundancy. Employees have been informed and the consultation process will start immediately. As the project is still in the consultation phase this is considered a non-adjusting event and no adjustments have been made in the financial statements. The investment in J.H.Fenner & Co Limited is already fully impaired in the company's financial statements.

Auditor

Deloitte LLP were previously appointed as independent auditor to the Company. In the absence of any notice proposing to terminate their appointment, Deloitte LLP will be deemed to be reappointed for the next financial year. Deloitte LLP have indicated their willingness to continue in office.

This report was approved by the board on 31 October 2022 and signed on its behalf.

I Peart
Director

Directors' responsibilities statement
For the year ended 31 December 2021

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

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

Independent auditor's report to the members of Fenner Group Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Fenner Group Holdings Limited (the 'Company'):

- 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 United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for Opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Independent auditor's report to the members of Fenner Group Holdings Limited

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

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

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

Independent auditor's report to the members of Fenner Group Holdings Limited

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Fenner Group Holdings Limited

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.

Simon Manning FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds
United Kingdom

03 November 2022

Income statement
For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Administrative income		**2,317**	3,045
Operating profit	3	**2,317**	3,045
Income from other fixed asset investments	7	**37,142**	1,152
Amounts written off investments	13	**(27,945)**	-
Interest receivable and similar income	8	**2,041**	2,707
Interest payable and similar expenses	9	**(11)**	(98)
Profit before tax		**13,544**	6,806
Tax on profit	10	**(2,100)**	(1,125)
Profit for the financial year		**11,444**	5,681

The notes on pages 15 to 40 form part of these financial statements.

FENNER GROUP HOLDINGS LIMITED

Statement of comprehensive income
For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Profit for the financial year		**11,444**	5,681
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on defined benefit post-retirement schemes	23	**13,836**	15,660
Tax expense on equity	20	**(5,059)**	(3,563)
		8,777	12,097
Total comprehensive income for the year		**20,221**	17,778

The notes on pages 15 to 40 form part of these financial statements.

FENNER GROUP HOLDINGS LIMITED
Registered number: 00329377

Balance sheet
As at 31 December 2021

	Note		31 December 2021 £000		31 December 2020 £000
Fixed assets					
Tangible assets	12		**1,845**		2,581
Investments	13		**45,000**		69,445
			46,845		72,026
Current assets					
Debtors: amounts falling due within one year	14	**101**		135,273	
Cash at bank and in hand	15	**6,668**		7,549	
		6,769		142,822	
Creditors: amounts falling due within one year	16	**(705)**		(368)	
Net current assets			**6,064**		142,454
Total assets less current liabilities			**52,909**		214,480
Creditors: amounts falling due after more than one year	17		**(405)**		(388)
			52,504		214,092
Provisions for liabilities					
Deferred taxation	20	**(7,505)**		(2,446)	
			(7,505)		(2,446)
Net assets excluding pension asset			**44,999**		211,646
Pension asset	23		**30,023**		12,874
Net assets			**75,022**		224,520
Capital and reserves					
Called up share capital	21		**48,751**		48,751
Revaluation reserve			**858**		858
Profit and loss account			**25,413**		174,911
			75,022		224,520

Balance sheet (continued)
As at 31 December 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 October 2022.

I Peart
Director

The notes on pages 15 to 40 form part of these financial statements.

FENNER GROUP HOLDINGS LIMITED

Statement of changes in equity
For the year ended 31 December 2021

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	48,751	858	157,133	206,742
Comprehensive income for the year				
Profit for the year	-	-	5,681	5,681
Remeasurements on defined benefit post-retirement schemes	-	-	15,660	15,660
Tax on other comprehensive income	-	-	(3,563)	(3,563)
Other comprehensive income for the year	-	-	12,097	12,097
Total comprehensive income for the year	-	-	17,778	17,778
At 1 January 2021	48,751	858	174,911	224,520
Comprehensive income for the year				
Profit for the year	-	-	11,444	11,444
Remeasurements on defined benefit post retirement schemes	-	-	13,836	13,836
Tax on other comprehensive income	-	-	(5,059)	(5,059)
Other comprehensive income for the year	-	-	8,777	8,777
Total comprehensive income for the year	-	-	20,221	20,221
Dividends (note 11)	-	-	(169,719)	(169,719)
Total transactions with owners	-	-	(169,719)	(169,719)
At 31 December 2021	48,751	858	25,413	75,022

The notes on pages 15 to 40 form part of these financial statements.

1. General information

Fenner Group Holdings Limited is a private company limited by shares, incorporated and registered in England and Wales with the registered number 00329377. The address of the registered office is given on the Company Information page. The nature of the Company's operations and its principle activities are set out in the Strategic report on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and financial assets and liabilities (including derivative instruments) at fair value through profit or loss, unless otherwise specified within these accounting policies and in accordance with *Financial Reporting Standard 101 'Reduced Disclosure Framework'*.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Critical accounting estimates and judgements

The application of the Company's accounting policies requires management to make certain assumptions, estimates and judgements that may affect the reported amounts of assets, liabilities, income and expenses. These are based on historical experience and any other factors, including expectations of future events, that are considered appropriate and these are continually reviewed. Subsequent actual results may however differ from these estimates and judgements.

- Key sources of estimation uncertainty

Key assumptions concerning the future or other sources of estimation uncertainty at the balance sheet date that may give rise to risk of material adjustments to the carrying values of assets and liabilities or reported results in the next financial year are as follows:

- *Impairment reviews for the carrying amount of investments* are based on estimated recoverable amounts of subsidiary undertakings, based on value in use calculations. This is calculated using cash flow projections based on financial forecasts for a period of three years and, thereafter, extrapolated using estimated growth rates in the respective territories. Cash flows are discounted using an appropriate pre-tax cost of capital for each respective territory.
- *Retirement benefit obligations* are based on actuarial valuations that use a number of assumptions. These include the discount rate, which is based on the interest rate of high quality corporate bonds denominated in the currency of the benefits and that have terms to maturity approximating to the terms of the related obligation, inflation rates, expected salary increases and mortality. See note 23.
- Deferred tax assets are only recognised based on the estimated likelihood that future taxable profits will be available against which temporary differences can be utilised. Deferred tax liabilities are recognised on the pension asset. See note 20.

- Critical judgements in applying the Company's accounting policies

Critical judgments made in the process of applying the Company's accounting policies which have the most significant effect on amounts recognised in the financial statements are as follows:

Accounting developments

A number of standards, amendments or interpretations have been published but are not mandatory for the year ended 31 December 2021 and consequently have not yet been applied in preparing the

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

financial statements. The entity has adopted all mandatory standards, amendments and interpretations required for 2021 and none have a material impact on the results or net assets of the Company.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

Details regarding the going concern basis can be found within the Directors' report on page 3.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Assets obtained under finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate used is the rate applicable to the residual term of the lease, taking into account the Company's credit risk, the currency of the contract and the weighted average maturity of the reimbursement of the lease liability.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

2. Accounting policies (continued)

2.5 *Leases (continued)*

The lease liability is included in 'Creditors' on the Balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.10.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

There have been no extension options considered whilst calculating the right-of-use assets or lease liabilities for any of the Company's leases. This is predominantly due to there being no such options in the any of the contracts.

There have been no termination options considered whilst calculating the right-of-use assets or lease liabilities. This is predominantly due to the Company applying the judgement that each lease will be valid for the duration or the contract and no early terminations are expected.

Notes to the financial statements
For the year ended 31 December 2021

2. Accounting policies (continued)

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Post retirement benefits

The Fenner Group of companies operates a defined benefit pension scheme for certain current and former employees in the UK. Although the Company has no employees it has been selected as the Sponsoring Employer of the scheme.

The scheme asset or liability recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets. The defined benefit obligation is calculated annually by an independent qualified actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Current service costs, past service costs and administration expenses are recognised within operating costs in the income statement. Net interest costs, which are calculated by applying the discount rate to the net pension liability, are recognised as notional interest within finance costs in the income statement. Remeasurements, which represent the difference between the actual return on assets and the amount implied by the net interest cost, together with experience adjustments and changes in actuarial assumptions, are charged or credited to equity in other comprehensive income.

2.9 Current and deferred taxation

Current tax is the tax expected to be payable on taxable profit for the period using tax rates that have been enacted or substantively enacted by the balance sheet date, together with any adjustments in respect of previous years. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are not taxable or deductible or are taxable or deductible in other years.

Deferred tax is recognised using the liability method for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, unless specifically exempt. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled or the asset realised. The resulting charge or credit is recognised in the income statement except when it relates to items recognised directly in equity, in which case the charge or credit is also recognised directly in equity.

2. Accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land and buildings	- 40 years
L/Term Leasehold Property	- 15 years
Leasehold land and building improvements	- 15 years
Plant, machinery and equipment	- 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Valuation of investments

Investments held as fixed assets are shown at cost less provision for impairment.

The carrying amount of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate pre-tax discount rate. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss previously been recognised for the asset. Any reversal of an impairment loss is recognised in the income statement.

2. Accounting policies (continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

2. Accounting policies (continued)

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividend income is recognised when received.

3. Operating profit

The operating profit is stated after charging / (crediting):

	2021 £000	2020 £000
Depreciation of tangible fixed assets	**134**	150
Impairment of tangible fixed assets	**305**	-
Profit on sale of fixed assets	**(143)**	-

4. Auditor's remuneration

There was no auditor's remuneration charged in the period (2020 - £NIL). Amounts borne by other Group companies on behalf of the Company are £10,000 (2020 - £10,000).

5. Staff costs

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL).

6. Directors' remuneration

None of the directors received emoluments from the Company in the year (2020 - £NIL). The Directors are employees of other Group companies. It is not practicable to allocate their remuneration between their services on behalf of the Company and of the other Group companies.

7. Income from other fixed asset investments

	2021 £000	2020 £000
Dividends received from subsidiary undertaking	**(37,142)**	(1,152)
	(37,142)	(1,152)

Notes to the financial statements
For the year ended 31 December 2021

8. Interest receivable and similar income

	2021 £000	2020 £000
Interest receivable from group companies	**1,837**	2,707
Other interest receivable	**204**	-
	2,041	2,707

9. Interest payable and similar expenses

	2021 £000	2020 £000
Finance leases and hire purchase contracts	**11**	11
Other interest payable	**-**	87
	11	98

10. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	**-**	1,266
Adjustments in respect of previous periods	**2,100**	-
	2,100	1,266
Total current tax	**2,100**	1,266
Deferred tax		
Origination and reversal of timing differences	**-**	(141)
Total deferred tax	**-**	(141)
Taxation on profit	**2,100**	1,125

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2020 - lower than) the average standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	**13,544**	6,806
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**2,573**	1,293
Effects of:		
Expenses not deductible for tax purposes	**5,310**	-
Income not taxable in determining taxable profit	**(7,057)**	(219)
Timing differences arising not recognised in deferred taxation	**-**	51
Loss not recognised in deferred taxation	**(826)**	-
Prior year adjustment	**2,100**	-
Total tax charge for the year	**2,100**	1,125

Factors that may affect future tax charges

The standard rate of corporation tax in the UK has been 19% with effect from 1 April 2017. Accordingly, the Company's results for this accounting period are taxed at 19%. In the Chancellor's Budget on 3 March 2021 it was announced that the rate of corporation tax will increase from 19% to 25% from 1 April 2023. As this change has been substantively enacted, it is reflected in these financial statements. In the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the corporation tax rate would instead be held at 19%. This decision was subsequently reversed in October 2022 and as a result the deferred tax balances as at 31 December 2021 continue to be measured at the full 25% rate noted above.

11. Dividends

	2021 £000	2020 £000
Interim dividends paid in the year ended 31 December 2021 of 87.03 pence per share (2020 - NIL)	**169,719**	-
	169,719	-

Notes to the financial statements
For the year ended 31 December 2021

12. Tangible fixed assets

	Freehold land and buildings £000	L/Term Leasehold Property £000	Leasehold land and building improvements £000	Plant, machinery and equipment £000	Total £000
Cost or valuation					
At 1 January 2021	3,874	544	216	153	4,787
Additions	-	94	-	-	94
Disposals	(765)	-	-	-	(765)
At 31 December 2021	3,109	638	216	153	4,116
Depreciation					
At 1 January 2021	1,856	104	93	153	2,206
Charge for the year on owned assets	70	-	12	-	82
Charge for the year on right-of-use assets	-	52	-	-	52
Disposals	(374)	-	-	-	(374)
Impairment charge	-	194	111	-	305
At 31 December 2021	1,552	350	216	153	2,271
Net book value					
At 31 December 2021	1,557	288	-	-	1,845
At 31 December 2020	2,018	440	123	-	2,581

Freehold land and buildings includes land at a cost of £555,000 (2020 - £655,000) which is not subject to depreciation.

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance sheet is as follows:

	2021 £000	2020 £000
Tangible fixed assets owned	1,557	2,018
Right-of-use tangible fixed assets	288	440
	1,845	2,458

The original lease term of the L/Term Leasehold property is 15 years. Upon inception of IFRS 16, the asset was calculated based upon the remainder of the lease term. As at 31 December 2021 the remaining lease term was 7.1 years.

Notes to the financial statements
For the year ended 31 December 2021

12. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

	31 December 2021 £000	31 December 2020 £000
Net book value		
L/Term Leasehold Property	**288**	440
	288	440

Depreciation and impairment charge for the year

	2021 £000	2020 £000
Depreciation of L/Term Leasehold Property	**(52)**	(52)
Impairment of L/Term Leasehold Property	**(194)**	-
	(246)	(52)

The L/Term Leasehold Property right-of-use asset consists of one lease for the office premises. The opening right-of-use asset was calculated by using the incremental borrowing rate of 2.28% as determined at the date of transition. The incremental borrowing rate used is the rate applicable to the residual term of the lease, taking into account the Company's credit risk, the currency of the contract and the weighted average maturity of the reimbursement of the lease liability. The lease term from commencement was 15 years and is due to expire in 2029.

The Company has now vacated the L/Term Leasehold property and an impairment has been booked for £194,000 .

Notes to the financial statements
For the year ended 31 December 2021

13. Investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2021	170,408
Additions	3,500
At 31 December 2021	173,908
Impairment	
At 1 January 2021	100,963
Charge for the period	27,945
At 31 December 2021	128,908
Net book value	
At 31 December 2021	45,000
At 31 December 2020	69,445

FENNER GROUP HOLDINGS LIMITED

Notes to the financial statements
For the year ended 31 December 2021

13. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
Fenner Pension Scheme Trustee Limited*	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Pension Scheme Trustee	100%
J.H.Fenner & Co Limited*	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Manufacturing, Distribution & Servicing	100%
James Dawson & Son Limited*	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Manufacturing, Distribution & Servicing	100%
Hallite Seals International Limited*	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Manufacturing, Distribution & Servicing	100%
Fenner International Limited*	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Investment	100%
Dunlop Conveyor Belting Investments Limited	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Investment	100%
Fenner International Australia Limited	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Investment	100%
Hall & Hall Limited	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Investment	100%
J.H. Fenner & Co (Advanced Engineered Products) Limited	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Investment	100%
J.H. Fenner & Co (India) Limited	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Investment	100%
James Dawson (China) Limited	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Investment	100%
Fenner N.A. Limited	C/O Michelin Tyre Plc, Campbell Road, Stoke-On- Trent, ST4 4EY, UK	Investment	100%
Australian Conveyor Engineering Pty Limited	268 Geelong Road, West Footscray, VIC 3012, Australia	Manufacturing, Distribution & Servicing	100%
Belle Banne Conveyor Services Pty Limited	268 Geelong Road, West Footscray, VIC 3012, Australia	Manufacturing, Distribution & Servicing	100%
Fenner (Pacific) Pty Limited	268 Geelong Road, West Footscray, VIC 3012, Australia	Investment	100%
Fenner Australia Financing (Pty) Limited	268 Geelong Road, West Footscray, VIC 3012, Australia	Investment	100%
Fenner Dunlop Australia Pty Limited	268 Geelong Road, West Footscray, VIC 3012, Australia	Manufacturing, Distribution & Servicing	100%

Notes to the financial statements
For the year ended 31 December 2021

13. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Holding
Agile Maintenance Services Pty Limited	268 Geelong Road, West Footscray, VIC 3012, Australia	Investment	100%
Hallite Seals Australia Pty Limited	Unit 1, 9 Bushells place, Wetherill Park, NSW 2164, Australia	Manufacturing, Distribution & Servicing	100%
Transeals Pty Limited	1 Atlas Court, Welshpool, WA 6106, Australia	Non-trading	100%
Fenner Dunlop (Bracebridge), Inc	700 Ecclestone Drive, Bracebridge, ON P1L 1W1, Canada	Manufacturing, Distribution & Servicing	100%
Hallite Seals (Canada) Limited	5630 Kennedy Road, Mississauga, ON L4Z 2A9, Canada	Manufacturing, Distribution & Servicing	100%
Conveyor Services, SA	Nestor del Fierro 440, Sector Industrial La Negra, Antofagasta, Chile	Manufacturing, Distribution & Servicing	100%
Dawson Polymer Products (Shanghai) Company Limited	445 Waiqian Gong Road, Jiading, Shanghai 201823, China	Manufacturing, Distribution & Servicing	100%
Dunlop Conveyor Belting (Shanghai) Co. Limited **	445 Waiqian Gong Road, Jiading, Shanghai 201823, China	Manufacturing, Distribution & Servicing	100%
Hallite Shanghai Company Limited	785 Xing Rong Road, Jiading, Shanghai 201807, China	Manufacturing, Distribution & Servicing	100%
Shanghai Fenner Conveyor Belting Co Limited	445 Waiqian Gong Road, Jiading, Shanghai 201823, China	Manufacturing, Distribution & Servicing	92.5%
Fenner Dunlop SARL	Saint Pierre, Elancourt, 78990, France	Manufacturing, Distribution & Servicing	100%
Dichtelemente Hallite GmbH	Billwerder Ring 17, 21035 Hamburg, Germany	Manufacturing, Distribution & Servicing	100%
Dunlop Conveyor Belting Ghana Limited	17 Alema Avenue, Airport Residential Area, Accra, Ghana	Manufacturing, Distribution & Servicing	100%
Fenner Conveyor Belting Private Limited	Madurai-Dindigul Road, Nagari, Madurai, 625017, India	Manufacturing, Distribution & Servicing	100%
Hallite Sealing Solutions India Private Limited	Special Plot No.10, 3rd Main, 1st Stage, Peenya Industrial Estate, Bangalore, 560058, India	Manufacturing, Distribution & Servicing	100%
Hallite Italia S.r.l.	Via Francia 21, Collesalvetti, Livorno, 57017, Italy	Manufacturing, Distribution & Servicing	100%
Fenner Dunlop Italia S.r.l.	Via Agnello 8, Milano (MI), 20121, Italy	Manufacturing, Distribution & Servicing	100%

Notes to the financial statements
For the year ended 31 December 2021

13. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Holding
Fenner Dunlop Maroc SARL	6 sis Park Tawfic, Route Secondaire 111, Zenata-Ain Sebaa-Casablanca, Morocco	Manufacturing, Distribution & Servicing	100%
Dunlop Assets B.V.	Heemst 2, Klazienaveen, 7892 AL, Netherlands	Investment	100%
Dunlop Enerka Netherlands B.V.	Oliemolenstraat 2, Drachten, 9203 ZN, Netherlands	Investment	100%
Dunlop Manufacturing Holdings B.V. **	Heemst 2, Klazienaveen, 7892 AL, Netherlands	Investment	100%
Dunlop Service B.V.	Heemst 2, Klazienaveen, 7892 AL, Netherlands	Manufacturing, Distribution & Servicing	100%
Dunlop Service International B.V.	Oliemolenstraat 2, Drachten, 9203 ZN, Netherlands	Investment	100%
Fenner Dunlop B.V.	Oliemolenstraat 2, Drachten, 9203 ZN, Netherlands	Manufacturing, Distribution & Servicing	100%
Fenner Mandals AS	Nordre Banegate 26, 4515 Mandal, Norway	Manufacturing, Distribution & Servicing	100%
Dunlop Conveyor Belting Polska sp.zo.o	Ul. Zwirki I Wigury 54, 43-190 Mikolow, Poland	Manufacturing, Distribution & Servicing	100%
CDI Energy Products Pte Limited	10 Tuas South St 5, 637792, Singapore	Manufacturing, Distribution & Servicing	100%
Fenner Singapore Pte. Limited	16 Collyer Quay, 17 – 00, Hitachi Tower, 049318, Singapore	Manufacturing, Distribution & Servicing	100%
Fenner Dunlop SL	1 Tres Rieres Poligon Industrial Magarola, 08292 Esparreguera, Spain	Manufacturing, Distribution & Servicing	100%
Fenner Conveyor Belting (South Africa) (Pty) Limited	21 Diesel Road, Isando 1600, South Africa	Manufacturing, Distribution & Servicing	100%
Fenner (South Africa) (Pty) Limited	21 Diesel Road, Isando 1600, South Africa	Investment	100%
Dunlop Service Middle East LLC	Showroom No. 9 PLOT 598-6, Al Mardas Building, Dubai Investment Park 1, Dubai, UAE	Manufacturing, Distribution & Servicing	49%
American Industrial Plastics, LLC	C T Corporation System, 1200 South Pine Island Road, Plantation, FL 33324, USA	Manufacturing, Distribution & Servicing	100%
CDI Energy Products, LLC	C T Corporation System, 1999 Bryan Street, Suite 900, Dallas, TX 75201-3136, USA	Manufacturing, Distribution & Servicing	100%

Notes to the financial statements
For the year ended 31 December 2021

13. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Holding
Fenner Advanced Sealing Technologies, LLC	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801, USA	Investment	100%
Fenner, Inc.	C T Corporation System, 600 North 2nd Street, Suite 401, Harrisburg, PA 17101-1071, USA	Manufacturing, Distribution & Servicing	100%
Fenner America, Inc	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801, USA	Investment	100%
Fenner Dunlop Americas, LLC	C T Corporation System, 600 North 2nd Street, Suite 401, Harrisburg, PA 17101-1071, USA	Manufacturing, Distribution & Servicing	100%
Fenner Dunlop Conveyor Systems and Services, LLC	C T Corporation System, 600 North 2nd Street, Suite 401, Harrisburg, PA 17101-1071, USA	Manufacturing, Distribution & Servicing	100%
Fenner Dunlop (Port Clinton), LLC	C T Corporation System, 4400 Easton Commons Way, Suite 125, Columbus, OH 43219, USA	Manufacturing, Distribution & Servicing	100%
Fenner Dunlop (Toledo), LLC	C T Corporation System, 4400 Easton Commons Way, Suite 125, Columbus, OH 43219, USA	Manufacturing, Distribution & Servicing	100%
Hallite Seals Americas, LLC	The Corporation Company, 40600 Ann Arbor Road East, Suite 201, Plymouth, MI 48170- 4675, USA	Manufacturing, Distribution & Servicing	100%
Fenner Medical Holdings Inc (previously Solesis Inc.)	C T Corporation System, 600 North 2nd Street, Suite 401, Harrisburg, PA 17101-1071, USA	Investment	100%
Mandals US, LLC	C T Corporation System, 1200 South Pine Island Road, Plantation, FL 33324, USA	Manufacturing, Distribution & Servicing	100%

13. Investments (continued)

Subsidiary undertakings (continued)

*Held directly by Fenner Group Holdings Limited.
**Companies in liquidation as at 31 December 2021.

In December 2021, the Company increased its investment in J.H.Fenner & Co Limited by £3,500,000 with the acquisition of 3,500,000 ordinary shares of £1 each. The Company has booked an impairment provision of £25,000,000 to write down the value of its investment in J.H.Fenner & Co Limited to the net recoverable amount.

The Company has also booked an impairment provision of £2,945,000 against share options previously included in investments.

Turner Belting Limited, Fenner Drives Limited, J H Fenner & Co (Special Belting) Limited, Fenner Advanced Sealing Investments Limited, Norwegian Seals UK Limited, Fenner Dunlop Limited, Vulcanisers International Limited, Indico (Europe) Limited, Hallite Limited, Hallite Polytek Limited, Fenner Advanced Sealing Technologies Limited, De Bruin & Berends B.V, Dunlop Conveyor Belting International B.V, Dunlop Enerka Netherlands Holding B.V, Dunlop Sales & Marketing B.V,Fenner Dunlop Steelcord B.V and Fenner Management (Shanghai) Company Limited were all liquidated during the year.

Dunlop Conveyor Belting (Shanghai) Co. Limited was liquidated in January 2022. Dunlop Manufacturing Holdings B.V was liquidated in February 2022. Dunlop Assets B.V was liquidated in May 2022.

Fenner International Chile Limitada was merged into Conveyor Services SA during the year.

In April 2021 Fenner U.S. Inc was merged into Fenner Inc. In May 2021 Solesis Inc changed its name to Fenner Medical Holdings Inc. Charter Medical LLC, SanaVita Medical LLC and The Secant Group LLC were all transferred to a newly formed joint venture Solesis Holdings LLC.

All investments are in ordinary shares.

In the directors' opinion the value of the Company's investments in subsidiary undertakings is not less than the amounts at which they are included in the balance sheet.

All companies are incorporated in the country of the registered address. For the companies that have a registered address in the UK, these are all incorporated in England.

14. Debtors

	31 December 2021 £000	31 December 2020 £000
Amounts owed by group undertakings	**58**	135,222
Other debtors	**43**	51
	101	135,273

Notes to the financial statements
For the year ended 31 December 2021

14. Debtors (continued)

Amounts owed by group undertakings at 31 December 2020 principally related to unsecured interest bearing loans. They were repayable on demand and interest was charged at a fixed rate of 2% per annum. They were repaid in full during 2021. Amounts owed by group undertakings at 31 December 2021 related to group relief.

15. Cash and cash equivalents

	31 December 2021 £000	31 December 2020 £000
Cash at bank and in hand	6,668	7,549
	6,668	7,549

16. Creditors: Amounts falling due within one year

	31 December 2021 £000	31 December 2020 £000
Amounts owed to group undertakings	500	-
Lease liabilities	71	59
Accruals and deferred income	134	309
	705	368

Further information on lease liabilities can be found in note 18.

17. Creditors: Amounts falling due after more than one year

	31 December 2021 £000	31 December 2020 £000
Lease liabilities	405	388
	405	388

Further information on lease liabilities can be found in note 18.

Notes to the financial statements
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18. Leases

Company as a lessee

The Company leases one property.

Lease liabilities are due as follows:

	31 December 2021 £000	31 December 2020 £000
Not later than one year	**71**	59
1-2 yrs	**270**	222
>5 yrs	**135**	166
	476	447

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored by the directors of the Company.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2021 £000	2020 £000
Finance lease charges payable	**11**	11
Depreciation expense on right-of-use assets	**52**	52
Impairment expense on right-of-use assets	**194**	-

Notes to the financial statements
For the year ended 31 December 2021

19. Financial instruments

	31 December 2021 £000	31 December 2020 £000
Financial assets		
Financial assets measured at fair value through profit or loss	**6,668**	7,549
Financial assets that are debt instruments measured at amortised cost	**101**	135,222
	6,769	142,771
Financial liabilities		
Financial liabilities measured at amortised cost	**(1,110)**	(756)

20. Deferred taxation

	2021 £000	2020 £000
At the beginning of the year	**(2,446)**	976
Credited to profit or loss	**-**	141
Charged to other comprehensive income	**(5,059)**	(3,563)
At the end of the year	**(7,505)**	(2,446)

The deferred tax liability is made up as follows:

	31 December 2021 £000	31 December 2020 £000
Retirement benefit obligations	**(7,505)**	(2,446)
	(7,505)	(2,446)
Comprising:		
Liability	**(7,505)**	(2,446)
	(7,505)	(2,446)

There is an unrecognised deferred tax liability of £127,000 (2020 - £133,000) in respect of fixed asset timing differences.

Notes to the financial statements
For the year ended 31 December 2021

21. Share capital

	31 December 2021 £000	31 December 2020 £000
Allotted, called up and fully paid		
195,007,399 (2020 - 195,007,399) ordinary shares of £0.25 each	**48,751**	48,751

The Company has one class of ordinary shares of £0.25 which carry no right to fixed income.

22. *Contingent liabilities*

At 31 December 2020 the Company had guaranteed the borrowings of certain subsidiary undertakings. These borrowings amounted to £120,788,000. There are no such guarantees in place at 31 December 2021.

23. *Retirement benefit obligations*

The Company operates a Defined benefit pension scheme.

The Fenner Pension Scheme is a UK funded defined benefit scheme which was closed to new entrants in 1997. Scheme members accrue an annual pension, being a proportion of final salary for each year of pensionable service, increasing in line with inflation whilst in payment, subject to certain caps and floors. Active members of the scheme have paid contributions at the rate of 10% of salary and the Company pays the balance of the cost as determined by regular actuarial valuations. The Company offers a salary sacrifice arrangement.

The scheme is administered within a trust which is legally separate from the Company. The Trustee is appointed by both the Company and the scheme's membership and acts in the interest of all relevant stakeholders, including the members and the Company. The Trustee is also responsible for the investment of the scheme's assets.

The scheme is subject to regular actuarial valuations, which are usually carried out every three years. A triennial valuation was performed as at 31 March 2020. The results of the valuation were rolled forward to 31 December 2021 by the scheme actuary and reviewed by an independent qualified actuary.

The regulatory framework in the UK requires the Trustee and the Company to agree upon the assumptions underlying the funding target, which must be prudent, and then to agree upon the necessary contributions required to recover any deficit at the valuation date. In accordance with this, the Company and Trustee agree a Recovery Plan using the triennial valuations and assumptions agreed between Company and Trustee. The Recovery Plan sets the deficit contribution rates over a defined period of time with a view to eliminating the pension scheme deficit. The Company is exposed to the risk that the cost of funding its obligations is higher than anticipated. This could arise due to a number of reasons, including:

- the level of investment returns being lower than anticipated, especially if such reductions in asset values are not matched by falls in liabilities;
- increases in the anticipated life expectancy of members, for example, due to continued improvements in healthcare;
- increases in future inflation being higher than anticipated, which would lead to higher benefit payments; and
- changes in the legislative environment, resulting in an increase in liabilities.

The weighted average duration of the Fenner Pension Scheme liabilities is 14.8 years (2020: 14.6

23. Retirement benefit obligations (continued)

years).

Movements in the net retirement benefit obligation in the Company balance sheet are as follows:

	2021 £000	2020 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	**197,253**	193,894
Current service cost	**773**	838
Administration expenses	**589**	565
Interest cost	**2,812**	3,790
Remeasurements	**(8,750)**	7,908
Benefits paid	**(8,806)**	(9,742)
At the end of the year	**183,871**	197,253

Reconciliation of present value of plan assets:

	2021 £000	2020 £000
At the beginning of the year	**210,127**	188,150
Interest income	**3,016**	3,703
Remeasurements	**5,086**	23,568
Employer contributions	**4,471**	4,448
Benefits paid	**(8,806)**	(9,742)
At the end of the year	**213,894**	210,127

Active members of the scheme make contributions to the scheme but, due to a salary sacrifice arrangement, these are treated as contributions directly from the respective employer.

23. Retirement benefit obligations (continued)

The fair value of assets of the scheme are as follows:

	31 December 2021 £000	31 December 2020 £000
Quoted		
Equities	-	11,567
Global return funds	-	10,631
Bonds	**59,070**	49,928
Hedge fund	**21,776**	21,126
Loan funds	-	37,142
	80,846	130,394
Not Quoted		
Liability Driven Investment solution	**131,956**	78,596
Cash and cash equivalents	**1,092**	1,137
	133,048	79,733
Total assets of the schemes	**213,894**	210,127

The Company's Liability Driven Investment solution with Legal & General contains leveraged GILT funds, *Index linked GILTs and Leveraged Index Linked GILTs. These are fixed income funds.*

The fair value of the insurance policies cannot be determined based upon an asset allocation. Due to this, paragraph 115 of IAS 19 is applied, which requires that the fair value of the plan assets is calculated based on the accrued pension rights, the actuarial rates (based on the discount rate and mortality table in the IAS 19 valuation) and the amounts payable to the insurance companies.

	31 December 2021 £000	31 December 2020 £000
Fair value of plan assets	**213,894**	210,127
Present value of plan liabilities	**(183,871)**	(197,253)
Net pension scheme asset	**30,023**	12,874

23. *Retirement benefit obligations (continued)*

Amounts charged to the income statement are as follows:

	2021 £000	2020 £000
Current service cost	**773**	838
Administration expenses	**589**	565
Net interest (income) / cost	**(204)**	87
Total	**1,158**	1,490

Current service cost and administration expenses are classified within operating profit and the net interest income is classified as notional interest within interest income in the Income statement (2020 - the net interest cost was shown within finance costs).

Amounts recognised in the statement of changes in equity are as follows:

	2021 £000	2020 £000
Actual return on plan assets	**8,102**	27,271
Less interest on plan assets	**(3,016)**	(3,703)
	5,086	23,568
Other actuarial remeasurements due to:		
- changes in financial and demographic assumptions and experience on obligations	**8,750**	(7,908)
Total remeasurements	**13,836**	15,660

Remeasurements are recognised in other comprehensive income in the period in which they are incurred.

	2021 %	2020 %
Actuarial assumptions		
Discount rate	**1.8**	1.5
Inflation rate - RPI	**3.4**	2.9
Inflation rate - CPI	**2.6**	2.5
Rate of increase in salaries	**4.4**	3.9
Rate of increase in benefits in payment subject to Limited Price Indexation increase:		
- capped at 5.0% (based on RPI)	**3.2**	2.8
- capped at 2.5% (based on RPI)	**2.1**	1.9
- capped at 3.0% (based on CPI)	**2.1**	2.0

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23. Retirement benefit obligations (continued)

The principal assumptions of the schemes are determined using appropriate expert advice and available market data. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables, with adjustments to reflect the schemes' actual mortality experience.

The principal assumptions used to determine the assets and liabilities of the schemes along with the expected future lifetime of average members currently at age 65 in 15 years time (i.e. members currently aged 50 years) are as follows:

	31 December 2021	31 December 2020
Current pensioner at age 65:		
- men	21.4 years	21.4 years
- women	23.8 years	23.6 years
Future pensioner at age 65 (current age 50):		
- men	22.4 years	22.3 years
- women	24.9 years	24.5 years

Sensitivity analysis

Changes to the principal assumptions can have an effect on the reported retirement benefit obligation for 2021. The effects of these changes are as follows:

	Half percentage point increase £000	**Half percentage point decrease £000**
Discount rate	**(12,009)**	**14,166**
Inflation	**3,743**	**(3,822)**

The sensitivity analyses, with the exception of inflation, are based on a change in assumption while holding all other assumptions constant. In practice movements in assumptions may be correlated. For the inflation sensitivity, the assumptions for salary increases, increases to pensions in payment and the revaluation of deferred pension before retirement are appropriately adjusted in line with the inflation movement.

24. Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party is Compagnie Generale des Etablissements Michelin SCA.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Compagnie Generale des Etablissements Michelin SCA. Copies of Compagnie Generale des Etablissements Michelin SCA's consolidated financial statements can be obtained from the company's registered office address which is Place des Carmes Déchaux, CEDEX 9, 63040, Clermont-Ferrand, Puy de Dome, France.