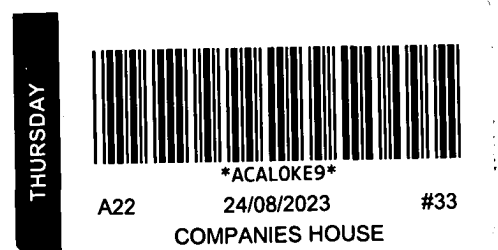




Trelleborg Sealing Solutions UK Limited  
Annual report and financial statements  
for the year ended 31 December 2022

Registered number: 00446036



**Trelleborg Sealing Solutions UK Limited**

**Annual report and financial statements  
for the year ended 31 December 2022**

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## **Trelleborg Sealing Solutions UK Limited**

### **Strategic report for the year ended 31 December 2022**

The directors present their Strategic report on the Company for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the Company during the year was the manufacture of high-performance fluid seals and precision polymer mouldings for the Automotive, Aerospace and Industrial markets.

#### **Review of the business**

Turnover for the year ended 31 December 2022 was £111.1m (2021: £94.6m) and the profit after tax for the financial year was £10.2m (2021: £10.2m). Net assets at 31 December 2022 totalled £39.9m (2021: £35.0m). The directors believe that the Company remains in a strong position and is well placed to take advantage of opportunities as the global economy continues to recover following Covid-19 disruption. Sales volumes are improving in a recovering domestic and international market but continue to do so at different rates in different sectors.

The industrial business has recovered strongly, particularly in the semiconductor and healthcare and medical segments. The oil and gas segment saw recovery in 2022 as the oil prices increased throughout the year.

Aerospace remains a large part of the company's market in the UK and has been the hardest hit by Covid-19 disruption. The first half of 2020 saw very strong sales as the order book took time to react to the sudden reduction in travel. The second half of 2020 then saw very low volumes for both new planes and after market, which continued into 2021. Accelerated growth came in the second half of 2021, which continued in 2022 and had a large contribution to the strong sales growth seen in the year.

Gross profit has been decreased to 29.8% (2021: 30.5%) as despite a strong sales growth material and energy inflation has been high during the year. Material supply constraints have also resulted in direct labour inefficiencies. An increase in expenses, due to intra-group management recharges totalling £4.4m (2021: benefit of £4.3m) and additional distribution costs of £0.6m (2021: £0.2m), was recorded in administrative expenses. The operating margin has therefore seen a 2.5% decrease to 10.9% (2021: 13.4%).

In order to maintain sales and margins during the global supply constraints and continued capacity constraints as a result of Covid-19 actions continue to been taken to strengthen processes, exercise robust cost control and invest in activities that will deliver improved operating returns and working capital control. These are positioning the business to take advantage of the continued growth opportunities as any arise.

The directors of the company have considered their responsibilities under Section 172(1) of the Companies Act 2006 in their review of the business, however further information on how the directors act in accordance with their responsibilities is stated below.

#### **Future developments**

The Company expects to resume the balanced strategy of seeking sales growth in its core activities whilst enhancing operating margins across its manufacturing business units. Disruption to material and equipment supplies across global markets and increasing material and overhead costs impacted on this strategy in 2022 and will continue to do so in 2023.

## **Trelleborg Sealing Solutions UK Limited**

### **Strategic report (continued) for the year ended 31 December 2022**

The industrial segment has seen a steady increase in orderbook levels throughout 2022 and remains high compared to a year earlier. The order book for Aerospace continues to increase, though in 2020 the supply chain used high levels of safety stock through the pandemic. It therefore remains to be seen if re-stocking is part of the reason for the increases seen. This is discussed further in the Principal risks and uncertainties section of the Strategic Report and the Going concern section of the Directors' report.

The directors will continue to implement policies to maintain a strong balance sheet to ensure short and long-term liquidity.

#### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition from UK and overseas manufacturers, consumer demand and the price and availability of raw materials.

Competition risk is identified as the company continues to face a competitive landscape across most market areas. The failure to address this risk would result in loss of market share and thus a loss of profitability. The Company continues to focus on delivering good value and using, developing, and protecting intellectual property in order to provide solutions to customer problems rather than off the shelf parts. The company also services a range of market areas and the diversification of its offering over the aerospace and industrial sectors helps to protect against a large-scale loss of market share to any one segment specialist competitor.

Consumer demand is a principal risk particularly relevant in the period ended 31 December 2022, in the aerospace market. Reduced build rates of aircraft and grounding of fleets due to Covid-19 have driven the reductions in sales for the company in 2020 and slower recovery through 2021. While 2022 saw much stronger growth sales have not yet returned to pre-covid levels. 2023 is forecast to be an exceptional growth period for the Aerospace segment, though the current restraints across industries in terms of material supply are a risk to output levels. To mitigate the risk as much as possible the company continues to work with its customers, maintaining regular communication and analysing their published build rates to adapt and plan for changes in product mix demand. Costs in our Aerospace business continue to be monitored and adapted to the level of output required.

Pricing and availability of raw materials is identified due to the potential for reductions in margins as a result of price increases and the potential for disruption in the supply chain due to availability constraints. 2022 has seen global demand recovery very strongly following the Covid-19 recession. Global supply has not been able to keep pace, which has led to shortages in supply and high inflation. The Company continues to work closely with our partners to delay or reduce the impact of the market price increases and secure a steady supply. Where possible a second source of materials has also been secured to reduce exposure to individual suppliers. The Company has had to pass on price increases to customers where inflation of costs has been unavoidable. This situation is expected to continue into 2023.

The Company continues to monitor the impact of Britain leaving the EU, with the end of the transition period having been 31 December 2020. The main impact identified, being the disruption to the supply chain and logistics in the early part of 2021 was mitigated through safety stocks where appropriate and close communication with suppliers and carriers. Freight costs increased significantly and Trelleborg Sealing Solutions has taken actions to reduce the number of cross border shipments to address this additional cost.

**Principal risks and uncertainties (continued)**

Covid-19 has an ongoing impact on the Company and while the circumstances remain dynamic, the Company has taken and continues to take assertive, steady action to help ensure that its employees as well as its supply chain remain healthy and strong. The areas of impact in 2022 have been a continued above average rate of absenteeism.

The Company is part of the bigger Trelleborg Group which has a solid financial base and which confirms continued access of the Company to its liquidities within the group cash pool. It continues to develop and implement contingency plans for Covid-19. These address various developments at all operations and, amongst other things, provides plans on how to maintain delivery of materials and products. Our Company response includes remote contact with customers and suppliers, safe physical interactions within the Company's facilities limiting face to face meetings, restricting visitors, increasing the number of hand wash stations, robust cleaning routines, publishing latest information and implementing smart working with home office, online meetings and communication, wherever possible. Overall disruption is now at a much lower level than through 2021 and the UK vaccine program have been a catalyst to returning to normal work practices. Unfortunately, no one knows how long Covid-19 will cause disruption for, but the Company is working to maintain "business as usual" while being flexible and responsive to changing circumstances during this demanding period.

**Financial risk management**

The Company's operations expose it to a variety of financial risks that include foreign exchange risk, interest rate risk and credit risk.

Foreign exchange risk arises from transactions when goods and services are bought and sold in currencies other than Sterling.

All of the Company's funding is provided via a cash pool facility or inter-group loans from Trelleborg Treasury AB. Interest rate risk includes exposure to changes in the UK Base Rate and LIBOR as interest rates are variable.

The effects of credit risk are controlled as 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 subject to a limit, which is reassessed by the Board. The Board receives regular reports on amounts due and amounts significantly overdue and the relevant action taken.

As a subsidiary of Trelleborg AB (publ) further details of Group policies in relation to external financial risks can be found in the Annual Report and Financial Statements of Trelleborg AB (publ).

## Trelleborg Sealing Solutions UK Limited

### Strategic report (continued) for the year ended 31 December 2022

#### Key performance indicators (“KPIs”)

The Company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy by reference to a number of KPIs.

Performance for the year, together with prior year comparative data is set out in the table below:

	2022	2021	Definition, method of calculation and analysis
Growth in turnover (%)	17.5%	6.1%	Year-on-year turnover growth expressed as a percentage. The year-on-year increase is a result of continued strong recovery following the negative impacts of Covid-19.
Return on turnover (%)	11.1%	13.5%	Return on turnover is the ratio of profit on ordinary activities before taxation to turnover expressed as a percentage. Return on turnover has decreased as a result of high levels of material inflation as well as an increase in intra-group management charges
Working capital turns	15.0	13.4	Working capital turns is the ratio of turnover to inventory plus trade debtors less trade creditors. Increases in receivables and inventory have driven a small increase in working capital with the KPI increase being largely attributable to the high growth in turnover

#### Section 172(1) statement

The directors of the Company must act in accordance with the duties detailed in section 172 of the Companies Act 2006. Under Section 172 the directors must, in performance of their duties, give consideration to the following factors, where relevant:

- a) The likely consequences of any decision in the long-term;
- b) The interest of the company's employees;
- c) The need to foster the company's business relationships with suppliers, customers and others;
- d) The impact of the company's operations on the community and the environment;
- e) The desirability of the company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly as between members of the company.

The directors have identified the key stakeholders of the company as its members, employees, customers and suppliers. The directors, senior management and other employees engage with these key stakeholder groups, listening to their differing needs and priorities as an everyday part of its business to ensure that their input is considered and they make informed decisions, acting to promote the success of the company and to benefit the Company's members as a whole.

The strategic report, principal activities section, of the annual report highlights the key matters that have affected the business during the reporting period and where the directors have acted in accordance with Section 172 in respect of operational decisions.

A key feature of the Trelleborg Group's culture and core values is effective corporate governance with the purpose of supporting the Board of Directors and management of each Group Company to increase customer benefits and achieve greater value and transparency for shareholders.

## **Trelleborg Sealing Solutions UK Limited**

### **Strategic report (continued) for the year ended 31 December 2022**

Trelleborg is a global Group characterised by individual and cultural diversity and shared value systems are therefore particularly important. The Core Values, Customer focus, Innovation, Responsibility and Performance, are long-term commitments, which, when coupled with Trelleborg's business concept, goals and strategies, guide the local directors in making decisions and conducting business. In particular, the Core Value of Customer Focus refers to working in partnership with and aiming to add value for our customers, as well as for the Company.

Trelleborg's Code of Conduct reflects the Ten Principles of the UN Global Compact, the general concepts expressed in the International Labour Organisation (ILO) conventions, the OECD Guidelines for Multinational Enterprises and the UN Declaration of Human Rights. The Code of Conduct is relevant to everyone in the organisation, regardless of position and is valid in all markets and at all times.

Trelleborg encourages suppliers, sales agents, consultants and other business partners to adopt the UN Global Compact principles as they are reflected in the Code of Conduct.

The Code of Conduct emphasises and summarises existing Trelleborg Group policies and directives and should be applied as a support tool laying down the basic rules and principles on which day-to-day work is based. It covers key areas of compliance, resources, diversity and social engagement. The annual financial statements of Trelleborg AB also contain further information on the impact of Trelleborg's operations on the community and environment.

It is the duty of Trelleborg managers to include Code of Conduct in employee training. Every new employee should be given the opportunity to read and discuss the Code. Trelleborg regularly conducts training, in e-learning format as well as in classic classroom format and provides information to support the Code of Conduct.

Trelleborg maintains employee engagement by providing employees with information on matters of concern. This is communicated both on a company and local level via an Intranet and regular employee briefings on a site level.

Trelleborg applies an approach involving decentralized responsibility to drive and implement the Group's strategy. The Group's operating activities are pursued through independent operational units with responsibility for profit, balance sheet and cash flows. Local managers and their co-workers make the commercial decisions, ensure that these are handled correctly and with a balanced approach to risk-taking. As a means of support, individual Business Area management regularly follows up the results of their Business Units' operations, similar to the manner in which Group management follows up with the Business Areas as part of a well-established work process.

As part of their induction directors are provided with information on their duties. It is expected that the directors recognise that in a large Group such as Trelleborg the directors fulfil their duties partly through a governance framework that delegates day to day decision making to them and the employees of the Company through a formalised delegation of authority.

All Trelleborg employees are invited to participate in an annual employee engagement survey, the results of which are reviewed by the directors together with the subsequent actions the Company take to reinforce the Company's values and ensure there is the right culture to meet the strategic needs of the business.

The Company is a wholly owned subsidiary of the ultimate parent company Trelleborg AB (Publ). As such engagement with members is driven by the wider corporate structure.

**Trelleborg Sealing Solutions UK Limited**

**Strategic report (continued)  
for the year ended 31 December 2022**

Further details on Trelleborg Group's Corporate Governance, Core Values, Code of Conduct and annual consolidated financial statements can be found at [www.Trelleborg.com](http://www.Trelleborg.com).

**General**

Approved by the board of directors and signed on its behalf by:

*N Davies*

Neil Davies  
Director

28 March 2023



## **Trelleborg Sealing Solutions UK Limited**

### **Directors' report**

#### **for the year ended 31 December 2022**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

#### **Future developments**

An indication of future developments of the business is included in the Strategic Report on page 1.

#### **Dividends**

The directors recommend a payment of a final dividend of £5.0m (£0.4975 per ordinary share) subject to shareholder approval at the AGM. A dividend for 2022 of £5.0m (£0.4975 per ordinary share) was approved on 24<sup>th</sup> May 2022 and paid on 2<sup>nd</sup> August 2022. Further details of the dividends paid are included in note 10 to the financial statements.

#### **Financial risk management**

Financial risk management is described in the Strategic Report on pages 1 to 6.

#### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

D Savary  
K Bergenholtz  
N Davies  
G Micallef  
S Douglass

#### **Directors' indemnities**

The ultimate parent undertaking, Trelleborg AB (publ), maintained throughout the year, and at the date of approval of the financial statements, third party liability insurance for all worldwide directors and officers, including those of the Company. This is a qualifying provision for the purposes of the Companies Act 2006.

#### **Research and development**

The Company is currently undertaking research and development into sealing solutions for its customers within the Automotive, Aerospace and Industrial markets. Expenditure of £349,000 was incurred within the year (2021: £367,000) and the expectation is that this will be at a similar level in future years.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

#### **Employee consultation**

The Company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests and ensures that all employees are aware of the financial and economic performance of their business units and of the Company as a whole.

### **Business relationships**

The Directors recognise the need to foster the company's business relationships with suppliers, customers and others, and the effect of those relationships, including on the principal decisions taken by the company during the financial year.

As these relationships are of strategic importance to Trelleborg Sealing Solutions UK Limited further details can be found in the Strategic Report on pages 1 to 6 of these financial statements.

### **Going concern**

The Company is principally funded by its bank accounts within a group cash pool facility operated by a fellow subsidiary. These balances attract interest based on either UK or Swedish base rate and are included within amounts owed by group undertakings falling due within one year. The balances are repayable on demand and are unsecured. Access to the bank accounts relies on the continuing liquidity of the Trelleborg AB Group. The directors use information published by the Group Board and released publicly, together with internal knowledge about the performance and market conditions for the Group in assessing the liquidity. The directors continue to consider that the group cash pool facility will remain available for the Company for the foreseeable future.

Forecasting has been prepared on a rolling 12-month basis and takes into account the expected recovery following the impact of Covid-19 on market conditions in each of our segments. This is based on the recovery throughout 2022, customer forecasting and experience of global shocks from the financial collapse in 2008. The modelling and assumptions continue to forecast a profitable and cash generating position under these conditions. The key assumption is sales volumes and profitability has been modelled for a scenario where sales reduce by 10%, 20% and 30% from the growth already built into the forecast. It is the view of the directors that, even in these uncertain times, sales volumes will not likely decline to such a degree that the company is no longer profitable or cash generating. If the sales were to fall to such an extent that there started to be an outflow of cash, the company has access to the cash held of £22.9m in the group cash pooling facility at 31 December 2022.

After reviewing the Company's forecasts and projections, the net asset position and the consideration of the availability of the cash pooling as described in note 15 and the possible consequences of Covid-19 as described in the Strategic Report, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the approval of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

### **Streamlined Energy and Carbon Reporting**

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires Trelleborg Sealing Solutions UK Limited to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources.

Energy and GHG emissions have been independently calculated by Envantage Ltd for the 12-month period ending 31st December 2022.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, gaseous fuels such as natural gas and business travel in company-owned vehicles and grey fleet.

## Trelleborg Sealing Solutions UK Limited

### Directors' report (continued) for the year ended 31 December 2022

#### Streamlined Energy and Carbon Reporting (continued)

The table below details the regulated SECR energy and GHG emission sources from the current and previous reporting periods.

		FY22	FY21	% change
<b>Energy (kWh)</b>				
	Natural gas	1,930,032	1,994,578	-3.2%
	Company vehicles	152,423	32,036	375.8%
	Electricity	10,275,913	9,345,958	10.0%
	Business travel	42,718	16,260	162.7%
	<b>Total energy</b>	<b>12,401,085</b>	<b>11,388,832</b>	<b>8.9%</b>
<b>Emissions (tCO<sub>2</sub>e)</b>				
Scope 1	Natural gas	352.3	365.3	-3.6%
Scope 1	Company vehicles	37.6	7.9	375.9%
Scope 2	Electricity	23.6	20.3	16.3%
Scope 3	Business travel	10.5	5.0	110.0%
	<b>Total SECR emissions (MBM)</b>	<b>424.0</b>	<b>398.6</b>	<b>6.4%</b>
<b>Emission intensity ratio (Market Based)</b>				
	<b>Emissions intensity (tCO<sub>2</sub>e / Intensity Metric (£m turnover))</b>	<b>3.82</b>	<b>4.22</b>	<b>-9.5%</b>
<b>Location based Totals</b>				
	Scope 2 (LBM) Electricity	1,987.2	1,984.4	0.1%
	Total SECR emissions (LBM)	2,387.6	2,362.7	1.1%
	<b>Emissions intensity (tCO<sub>2</sub>e / Intensity Metric (£m turnover))</b>	<b>21.48</b>	<b>25.00</b>	<b>-14.1%</b>

Trelleborg Sealing Solutions UK Limited is committed to reducing its environmental impact and contribution to climate change through continuous improvement procedures. Over 2022 the company completed installation of electric charging points across the sites for company vehicles. Late 2022, the Global Purchasing Manager for Trelleborg Sealing Solutions UK Limited won an energy management award with the Energy Managers Association (EMA), for their bespoke energy procurement strategy resulting in reduced costs, carbon and driving energy efficiency initiatives. The company also continues to track emissions across the portfolio across Scope 1, 2 & operational Scope 3 sources.

Looking forward, Trelleborg Sealing Solutions UK Limited will comply with ESOS regulations with the view to implement energy efficiency initiatives across the sites to drive energy and cost savings, in line with the wider group carbon reduction targets.

#### Methodology

Electricity and natural gas disclosures have been calculated using metered kWh consumption taken from supplier fiscal invoices where available. Electricity consumption at Aberdeen was estimated using office floor areas and energy benchmarks for offices, taken from CIBSE Guide F. Estimation for energy consumption accounted for less than 0.1% of the company's total energy consumption.

GHG emissions associated with Scope 2 purchased electricity have been reported using market-based methodology. Where fuel mix disclosures were not available, such as for landlord supplies, the emissions factor for the residual fuel mix of the UK was instead adopted. For completeness and to meet the requirements of compliance, the location based methodology totals for electricity emissions have also been disclosed.

## **Trelleborg Sealing Solutions UK Limited**

### **Directors' report (continued) for the year ended 31 December 2022**

#### **Streamlined Energy and Carbon Reporting (continued)**

Transport disclosures have been calculated using business mileage expense claim records. Fuel volumes and mileages have been converted into equivalent energy and GHG emissions using emissions factors published by BEIS in 2022. Vehicle information such as engine size and type was not held against mileage claims, therefore a vehicle of average size and fuel type was assumed.

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; 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.

#### **Statement of disclosure of information to the auditor**

In the case of each of the persons who are directors at the time when this report is approved under section 418 of the Companies Act 2006 the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Trelleborg Sealing Solutions UK Limited**

**Directors' report (continued)  
for the year ended 31 December 2022**

**Independent auditor**

A resolution to reappoint Deloitte LLP as auditor will be proposed at the Annual General Meeting.

Approved by the board of directors and signed on its behalf by:

*N Davies*

Neil Davies  
Director

28 March 2023

Registered number: 00446036

Trelleborg  
International Drive  
Tewkesbury Business Park  
Tewkesbury  
Gloucestershire  
GL20 8UQ

## **Independent auditor's report to the member of Trelleborg Sealing Solutions UK Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Trelleborg Sealing Solutions UK Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the balance sheet; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

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

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

#### **Conclusions relating to going concern**

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

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

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

## **Independent auditor's report to the member of Trelleborg Sealing Solutions UK Limited (continued)**

### **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 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](http://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.

## **Independent auditor's report to the member of Trelleborg Sealing Solutions UK Limited (continued)**

### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

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, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks 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 UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

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

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

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

### **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 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.



**Independent auditor's report to the member of Trelleborg Sealing Solutions UK Limited  
(continued)**

**Matters on which we are required to report by exception**

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

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

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to it 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, for our audit work, for this report, or for the opinions we have formed.



Andrew Woodhead FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Cardiff, United Kingdom

28 March 2023

**Trelleborg Sealing Solutions UK Limited**

**Statement of income and retained earnings  
for the year ended 31 December 2022**

	Note	2022 £000	2021 £000
<b>Turnover</b>	3	<b>111,139</b>	94,562
Cost of sales		<b>(78,003)</b>	(65,809)
<b>Gross profit</b>		<b>33,136</b>	28,753
Distribution costs		<b>(6,098)</b>	(5,898)
Administrative expenses		<b>(15,792)</b>	(9,871)
Other operating income/(expenses)	4	<b>840</b>	(331)
<b>Operating profit before interest and taxation</b>	4	<b>12,086</b>	12,653
Finance costs (net)	6	<b>235</b>	20
<b>Profit before taxation</b>		<b>12,321</b>	12,673
Tax on profit	7	<b>(2,089)</b>	(2,452)
<b>Profit for the financial year attributable to the equity shareholder of the Company</b>		<b>10,232</b>	10,221
Retained earnings at 1 January		<b>24,997</b>	24,776
Dividends paid	8	<b>(5,000)</b>	(10,000)
<b>Retained earnings at 31 December</b>		<b>30,229</b>	24,997

All the above operations arise from continuing activities.

There are no recognised gains and losses for the financial years other than those included above. Accordingly, no separate statement of comprehensive income or statement of changes in equity is presented.

The notes on pages 18 to 36 are an integral part of these financial statements.

**Trelleborg Sealing Solutions UK Limited****Balance sheet at 31 December 2022**

	Note	2022 £000	2022 £000	2021 £000	2021 £000
<b>Fixed assets</b>					
Intangible assets	9	31		28	
Tangible assets	10	15,838		16,110	
Investment property	11	-		3,300	
			15,869		19,438
<b>Current assets</b>					
Stocks	12	8,018		6,214	
Debtors	13	43,446		33,964	
Cash at bank and in hand		-		-	
		51,464		40,178	
<b>Creditors: amounts falling due within one year</b>	14	(25,007)		(23,130)	
<b>Net current assets</b>			26,457		17,048
<b>Total assets less current liabilities</b>			42,326		36,486
Provisions for liabilities	15		(2,047)		(1,439)
<b>Net assets</b>			40,279		35,047
<b>Capital and reserves</b>					
Called up share capital	17		10,050		10,050
Profit and loss account	17		30,229		24,997
<b>Shareholder's funds</b>			40,279		35,047

The notes on pages 18 to 36 are an integral part of these financial statements.

The financial statements on pages 16 to 36 were authorised for issue by the board of directors on 28 March 2023 and were signed on its behalf by:

*N Davies*

Neil Davies  
Director

Registered no. 00446036

# **Trelleborg Sealing Solutions UK Limited**

## **Notes to the financial statements**

**for the year ended 31 December 2022**

### **1 Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year

#### **a) General information and basis of accounting**

The principal activity of Trelleborg Sealing Solutions UK Limited ("the Company") was the manufacture and sale of high-performance fluid seals and precision polymer mouldings for the Automotive, Aerospace and Industrial markets.

The Company is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of its registered office is Trelleborg, International Drive, Tewkesbury, Gloucestershire, GL20 8UQ.

The financial statements of Trelleborg Sealing Solutions UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) issued by the Financial Reporting Council and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. The Company has taken advantage of the following exemptions on the basis that the information is included in the consolidated financial statements of the Company's ultimate parent undertaking, Trelleborg AB (publ), a company registered in Sweden in which the Company is consolidated:

- from preparing a statement of cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.40 to 11.48A;
- from disclosing transactions with members of the same group that are wholly owned, as required by FRS 102 paragraph 33.1A; and
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The consolidated financial statements of Trelleborg AB (publ) can be obtained from the address given in note 21.

#### **b) Going concern**

The Company is principally funded by its bank accounts within a group cash pool facility operated by a fellow subsidiary. These balances attract interest based on either UK or Swedish base rate and are included within amounts owed by group undertakings falling due within one year. The balances are repayable on demand and are unsecured. Access to the bank accounts relies on the continuing liquidity of the Trelleborg AB Group.

## **Trelleborg Sealing Solutions UK Limited**

### **Notes to the financial statements (continued) for the year ended 31 December 2022**

#### **1 Accounting policies (continued)**

##### **b) Going concern(continued)**

The directors use information published by the Group Board and released publicly, together with internal knowledge about the performance and market conditions for the Group in assessing the liquidity. The directors continue to consider that the group cash pool facility will remain available for the Company for the foreseeable future.

Forecasting has been prepared on a rolling 12-month basis and takes into account the expected continued recovery following the impact of Covid-19 on market conditions in each of our segments. This is based on the experience of the recovery seen through 2022, customer forecasting and experience of global shocks from the financial collapse in 2008. The modelling and assumptions continue to forecast a profitable and cash generating position under these conditions. The key assumption is sales volumes and profitability has been modelled for a scenario where sales reduce by 10%, 20% and 30% from the growth already built into the forecast. It is the view of the directors that, even in these uncertain times, sales volumes will not likely decline to such a degree that the company is no longer profitable or cash generating. If the sales were to fall to such an extent that there started to be an outflow of cash, the company has access to the cash held of £22.9m in the group cash pooling facility at 31 December 2022.

After reviewing the Company's forecasts and projections, the net asset position and the consideration of the availability of the cash pooling as described in note 15 and the possible consequences of Covid-19 as described in the Strategic Report, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the approval of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

##### **c) Foreign currency**

###### *Functional and presentation currency*

The Company's functional currency is pound sterling which is presented in the financial statements rounded to thousands.

###### *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 the statement of income and retained earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and retained earnings within net interest expense. All other foreign exchange gains and losses are presented in the statement of income and retained earnings.

**1 Accounting policies (continued)**

**d) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for goods and services sold, net of discounts, exchange rate differences, where sales are conducted in foreign currencies and value added taxes.

*Sale of goods*

Revenue is recognised when the Company has fulfilled its obligations under the terms of sale and title of the goods has been transferred to the buyer.

**e) Employee benefits**

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

*Short-term benefits*

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

*Defined contribution pension plan*

The Company operates a defined contribution pension plan for its employees. The contributions to the plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in separately administered funds.

**f) Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

**1 Summary of significant accounting policies (continued)**

**f) Taxation (continued)**

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.

**g) Goodwill**

Goodwill arises on business combinations and represents the excess of the fair value of directly attributable costs of the purchase consideration over the fair values of the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Company is unable to make a reliable estimate of useful life the Company has adopted the provisions of the Amendments to FRS 102 – The Financial Reporting Standard Applicable in the UK and Republic of Ireland – Small entities and other amendments, and hence goodwill is amortised over a period of 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the statement of income and retained earnings within administrative expenses. Reversals of impairment are recognised when the reasons for the impairment no longer apply. 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.

**h) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Software 3 years

Amortisation is charged to administrative expenses in the statement of income and retained earnings.

The assets are reviewed for impairment if factors indicate that the carrying amount may be impaired.

**i) Research and development costs**

Research and development costs are recognised as an expense as incurred.

**1 Accounting policies (continued)**

**j) Tangible assets**

Tangible assets, except for investment properties, are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bring the asset to its working condition for its intended use.

Depreciation is calculated using the straight-line method to allocate cost to the assets' residual values over their estimated useful lives, as follows:

• Freehold buildings	2-10%
• Leasehold property	10-15%
• Plant and machinery	6-33%
• Assets in course of construction	Nil

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Assets in the course of construction are stated at cost. These assets are not depreciated until available for use.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

**k) Investment properties**

Investment properties whose fair value can be measured reliably are stated at fair value. Changes in fair value at each reporting date are recognised in profit or loss.

**l) Leased assets**

*Operating leases*

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the period of the lease.

**m) Impairment of assets**

Assets, other than those measured as 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 and 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 assets 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.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ("CGU") of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.



**1 Accounting policies (continued)**

**m) Impairment of assets (continued)**

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, 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. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

*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.

**n) Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the first-in-first-out method. For finished products and work in progress, cost consists of raw materials, direct personnel costs, other direct costs and related indirect production costs. Normal capacity utilisation is used in the measurement of stocks. Provision is made for obsolete, slow-moving or defective items where appropriate.

**o) Government Grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the amount receivable. Grants relating to revenue are recognised in income over the period in which the income is receivable.

**p) Provisions and contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation resulting from past events and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. No provisions are made for future operating losses.

**1 Accounting policies (continued)**

**q) Financial instruments**

The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

*Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing arrangement, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all the risks and rewards of ownership of the financial asset, or c) the Company, despite retaining some, but not all significant risks and rewards of ownership, has transferred control of the asset to another party.

*Financial liabilities*

Basic financial liabilities, including trade and other payables, and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

**r) Distributions to equity holder**

Dividends to the Company's shareholder are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholder. These amounts are recognised in the statement of income and retained earnings.

**s) Related party transactions**

The Company discloses transactions with related parties which are not wholly owned within the same group. It has taken advantage of the exemption in FRS 102 paragraph 33.1A and does not disclose transactions with members of the same group that are wholly owned.

**2 Critical accounting judgements and key sources of estimation uncertainty**

Company management and the board of directors make critical estimates and assumptions about the future. These estimates and assumptions significantly impact the amounts reported for assets and liabilities as well as revenues and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise.

**2 Critical accounting judgements and key sources of estimation uncertainty (continued)**  
**Key sources of estimation uncertainty**

There are no significant estimates and assumptions that have a significant effect on the Company's earnings and financial position.

**Significant accounting judgements in applying the accounting policies**

No significant judgements have been made in applying the accounting policies which would have a material effect on the financial statements.

**3 Turnover**

Analysis of turnover by geography:

	<b>2022 £000</b>	<b>2021 £000</b>
Europe	<b>44,387</b>	40,655
North America	<b>5,608</b>	4,770
China	<b>3,581</b>	4,150
Hong Kong	<b>496</b>	486
India	<b>587</b>	298
Japan	<b>623</b>	509
South Korea	<b>7,871</b>	5,855
Philippines	<b>275</b>	130
South Africa	<b>274</b>	234
Singapore	<b>1,759</b>	995
Rest of world	<b>523</b>	332
Total exports	<b>65,984</b>	58,414
United Kingdom	<b>45,155</b>	36,148
	<b>111,139</b>	94,562

All turnover (2021: all turnover) is generated from the sale of goods.

Intra-group sales of £64,070,000 (2021: £56,786,000) relate to transactions with related parties within the Trelleborg AB (publ) group.

**Trelleborg Sealing Solutions UK Limited**

**Notes to the financial statements (continued)  
for the year ended 31 December 2022**

**4 Profit before taxation**

Profit before taxation is stated after charging/(crediting):

	2022	2021
	£000	£000
(Profit)/loss on disposal of tangible assets	(699)	37
Management recharges	5,377	973
Depreciation	2,529	2,387
Amortisation	6	9
Operating lease charges	1,343	1,302
Foreign exchange (gains)/losses	(21)	272
Research and development expenditure	349	367
Audit fees payable to the Company's auditor – auditing of the financial statements	148	137
Government Grants	(51)	(25)

Management recharges represent the recharges to the Company of expenses Trelleborg AB (publ) group companies incur on its behalf.

In 2022 management recharges were significantly higher as 2021 included a credit in respect of 2020 management charges.

Other Operating Income includes £51,000 in relation to Covid-19 Additional Relief Business Rates scheme (2021: £25,000) grants were in relation to the Coronavirus Job Retention Scheme. Both are accounted for as a revenue grant.

**5 Employees and employee benefits  
(a) Employees**

	2022	2021
	£000	£000
Wages and salaries	30,664	26,298
Social security costs	2,733	2,315
Other pension costs	1,341	1,217
<b>Staff costs</b>	<b>34,738</b>	<b>29,830</b>

**5 Employees and employee benefits (continued)**

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

By activity	2022 No.	2021 No.
Manufacturing	514	445
Sales	75	71
Technical	82	66
Finance, administration and management	76	81
	<b>747</b>	<b>663</b>

**(b) Directors**

The directors' emoluments (for those directors paid by the company) were as follows:

	2022 £000	2021 £000
Aggregate emoluments	687	491
Company contributions to money purchase pension schemes	19	17
	<b>706</b>	<b>508</b>

Post-employment benefits are accruing to 2 directors (2021: 2) under money purchase pension schemes.

No director exercised any share options during the year, nor were any shares received or receivable by the directors in respect of qualifying services under a long-term incentive scheme.

The highest paid director's emoluments were as follows:

	2022 £000	2021 £000
Emoluments	315	212
Contributions to money purchase pension schemes	-	-
	<b>315</b>	<b>212</b>

**Trelleborg Sealing Solutions UK Limited**

**Notes to the financial statements (continued)  
for the year ended 31 December 2022**

**6 Finance costs (net)**

<b>Interest receivable and similar income</b>	<b>2022 £000</b>	<b>2021 £000</b>
Interest receivable from group undertakings	<b>289</b>	<b>29</b>
<b>Interest payable and similar expenses</b>	<b>2022 £000</b>	<b>2021 £000</b>
Interest payable to group undertakings	<b>(54)</b>	<b>(9)</b>
<b>Finance costs (net)</b>	<b>235</b>	<b>20</b>

**Trelleborg Sealing Solutions UK Limited**

**Notes to the financial statements (continued)  
for the year ended 31 December 2022**

**7 Tax on profit**

**(a) Tax expense included in profit or loss**

	<b>2022 £000</b>	<b>2021 £000</b>
Current tax:		
UK Corporation tax on profits for the year	<b>2,094</b>	2,516
Adjustments in respect of prior periods	<b>(455)</b>	(202)
<b>Total current tax</b>	<b>1,639</b>	2,314
Deferred tax (note 18):		
Origination and reversal of timing differences	<b>(97)</b>	(73)
Adjustment in respect of prior periods	<b>386</b>	211
Impact of change in tax rate	<b>161</b>	-
<b>Total deferred tax charge</b>	<b>450</b>	138
<b>Tax on profit</b>	<b>2,089</b>	2,452

**(b) Reconciliation of tax charge**

Tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	<b>2022 £000</b>	<b>2021 £000</b>
Profit before tax	<b>12,321</b>	12,673
Profit multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	<b>2,341</b>	2,408
Expenses not deductible for tax purposes	<b>45</b>	35
Other permanent differences	<b>(123)</b>	-
Utilisation of tax losses	<b>(266)</b>	-
Adjustments to tax charge in respect of prior periods	<b>(69)</b>	9
Re-measurement of deferred tax – change in UK tax rate	<b>161</b>	-
<b>Tax charge for the year</b>	<b>2,089</b>	2,452

# Trelleborg Sealing Solutions UK Limited

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 7 Tax on profit (continued)

#### (c) Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (on 24 May 2021). These included an increase in the main rate to 25% from 1 April 2023. Deferred taxes at the balance sheet date have been measured using the enacted tax rates where appropriate and reflected in these financial statements.

### 8 Dividends

	2022 £000	2021 £000
Dividends paid in the year	5,000	10,000

The directors recommend a payment of a final dividend of £5.0m (£0.4975 per ordinary share) subject to shareholder approval at the AGM. A dividend for 2022 of £5.0m (£0.4975 per ordinary share) was approved on 24 May 2022 and paid on 2 August 2022 (2021: £10.0m (£0.995 per ordinary share)). Dividends were not accounted for within the prior year financial statements but were approved through written resolutions in 2022.

### 9 Intangible assets

	Goodwill £000	Software £000	Total £000
<b>Cost</b>			
At 1 January 2022	34,105	656	34,761
Additions	-	9	9
Disposals	-	-	-
At 31 December 2022	34,105	665	34,770
<b>Accumulated amortisation and impairment</b>			
At 1 January 2022	(34,105)	(628)	(34,733)
Amortisation	-	(6)	(6)
Disposals	-	-	-
At 31 December 2022	(34,105)	(634)	(34,739)
<b>Net book amount at 31 December 2022</b>	<b>-</b>	<b>31</b>	<b>31</b>
Net book amount at 31 December 2021	-	28	28

Amortisation of intangible assets is recognised within administrative expenses in the Statement of income and retained earnings.



**Trelleborg Sealing Solutions UK Limited**

**Notes to the financial statements (continued)  
for the year ended 31 December 2022**

**10 Tangible fixed assets**

	Freehold land and buildings £000	Short leasehold land and buildings £000	Plant and machinery £000	Assets in course of construction £000	Total £000
<b>Cost</b>					
At 1 January 2022	4,039	3,703	32,083	1,458	41,283
Additions	-	-	377	1,892	2,269
Transfers	-	70	2,018	(2,088)	-
Disposals	-	-	(373)	(12)	(385)
At 31 December 2022	4,039	3,773	34,105	1,250	43,167
<b>Accumulated depreciation and impairment</b>					
At 1 January 2022	(1,570)	(2,117)	(21,486)	-	(25,173)
Depreciation	(96)	(190)	(2,241)	-	(2,529)
Disposals	-	-	371	-	371
At 31 December 2022	(1,666)	(2,307)	(23,356)	-	(27,331)
<b>Net book amount at 31 December 2022</b>	<b>2,373</b>	<b>1,466</b>	<b>10,749</b>	<b>1,250</b>	<b>15,838</b>
Net book amount at 31 December 2021	2,469	1,586	10,597	1,458	16,110

Fixed assets are included at full historical cost to the Company.

Included in freehold land and buildings is freehold land of £332,000 (2021: £332,000) which is not depreciated.

There is no restricted title on any property, plant & equipment included in these Financial Statements and no items have been pledged as liability for securities.

**Trelleborg Sealing Solutions UK Limited**

**Notes to the financial statements (continued)  
for the year ended 31 December 2022**

**11 Investment property**

	<b>2022 £000</b>	<b>2021 £000</b>
Value		
At 1 January	<b>3,300</b>	3,300
Disposal	<b>(3,300)</b>	-
<b>At 31 December</b>	<b>-</b>	<b>3,300</b>

As at 31 December 2021 the property was valued at £3.3m. Higher offers were received, however they were contingent on the resolution of planning issue resolutions.

Following the resolution of the planning issue previously resulting in the property being held at a lower amount than a contingent offer, the property sale was finalised during the year, with a gain of £0.7m.

The historical cost of investment properties held at fair value is £nil (2021: £600,000).

**Lessor**

The Company leased its investment property to a fellow subsidiary of the Trelleborg AB (publ) group. There was no formal lease in place between the two companies. As such, there was no minimum lease term. The Company receives a rental income of £nil (2021: £nil) per year.

**12 Stocks**

	<b>2022 £000</b>	<b>2021 £000</b>
Raw materials	<b>5,949</b>	4,499
Work in progress	<b>1,075</b>	925
Finished goods and goods for resale	<b>994</b>	790
	<b>8,018</b>	<b>6,214</b>

There was no significant difference between the replacement cost of inventories and their carrying amounts.

Inventories are stated after provisions for impairment of £984,000 (2021: £972,000) in relation to slow-moving or obsolete items. The Statement of income and retained earnings shows this in cost of sales.

**Trelleborg Sealing Solutions UK Limited****Notes to the financial statements (continued)  
for the year ended 31 December 2022****13 Debtors**

	<b>2022 £000</b>	<b>2021 £000</b>
Trade debtors	<b>10,043</b>	8,403
Amounts owed by group undertakings	<b>29,817</b>	23,067
Other debtors	<b>178</b>	-
Prepayments and accrued income	<b>3,408</b>	2,494
	<b>43,446</b>	33,964

The Company operates its bank accounts within a group cash pool facility operated by a fellow subsidiary. As at 31 December 2022 the cash pool balance was £22.9m. These balances attract interest based on either UK or Swedish base rate and are included within amounts owed by group undertakings falling due within one year. The balances are repayable on demand and are unsecured. Apart from intercompany cash pool, no other balances attract interest.

Amounts owed by group undertakings also includes unsecured trade balances of £6,274,000 (2021: £5,673,000). Trade debtors are stated after provisions for impairment of £nil (2021: £nil).

**14 Creditors: amounts falling due within one year**

	<b>2022 £000</b>	<b>2021 £000</b>
Trade creditors	<b>10,628</b>	7,557
Amounts owed to group undertakings	<b>3,742</b>	3,016
Corporation tax	<b>3,023</b>	2,996
Group relief payable	<b>1,133</b>	982
Other taxation and social security	<b>1,877</b>	1,481
Accruals and deferred income	<b>4,604</b>	7,098
	<b>25,007</b>	23,130

The Company operates its bank accounts within a group cash pool facility operated by a fellow subsidiary. These balances attract interest based on UK Base rate and are included within amounts owed to group undertakings falling due within one year. Amounts owed to group undertakings also includes trade balances and are repayable on demand. No security has been given in relation to any creditors.

**Trelleborg Sealing Solutions UK Limited**

**Notes to the financial statements (continued)  
for the year ended 31 December 2022**

**15 Provisions for liabilities**

	<b>Dilapidation £000</b>	<b>Other £000</b>	<b>Deferred tax (note 16) £000</b>	<b>Total £000</b>
At 1 January 2022	1,100	118	221	1,439
Additions / (Reversals)	203	(45)	450	608
<b>At 31 December 2022</b>	<b>1,303</b>	<b>73</b>	<b>671</b>	<b>2,047</b>

A provision of £195,000 (2021: £189,000) has been recognised for the estimated cost of dismantling and removing various assets related to a leased property and restoring the site to the condition required in accordance with the lease terms. The provision has been estimated using existing experience, current prices, and discounted using a discount rate of 10%. The provision is expected to be utilised in 2029.

A provision of £1,108,000 (2021: £911,000) has been recognised for anticipated dilapidation costs at two further sites on cessation of their lease. The provision is expected to be utilised between 2023 and 2026.

Other provisions include amounts in relation to restructuring costs, production provisions and settlement of other claims.

The impact of the discounting of any of these provisions is not considered material.

**16 Deferred tax**

Deferred tax consists of the following deferred tax assets/(liabilities):

	<b>2022 £000</b>	<b>2021 £000</b>
Accelerated capital allowances	<b>(1,046)</b>	(574)
Other timing differences	<b>375</b>	353
<b>Total deferred tax liability</b>	<b>(671)</b>	(221)

The net deferred tax asset expected to reverse in 2023 is £120,000. This is primarily due to the reversal of timing differences on tangible fixed assets and derivative financial instruments. The timing differences have no expiry dates.

The Company has £nil of unused capital losses to be carried forward which have no expiry date. An asset has not been recognised in respect of these losses due to uncertainty over recoverability.

**Trelleborg Sealing Solutions UK Limited**

**Notes to the financial statements (continued)  
for the year ended 31 December 2022**

**17 Called up share capital and reserves**  
**(a) Called up share capital**

	<b>No.</b>	<b>£000</b>
Allotted and fully paid ordinary shares of £1 each		
At 1 January 2021 and at 31 December 2022	<b>10,050,000</b>	10,050

There is a single class of ordinary shares, which carry no right to fixed income. There are no restrictions on the distribution of dividends and the repayment of capital.

There were no changes to share capital during the year.

**(b) Reserves**

Profit and loss account – This represents cumulative profits or losses net of dividends paid and other adjustments.

**18 Contingent liabilities**

The Company has contingent liabilities, in respect of bank and other guarantees and other matters arising in the ordinary course of business, from which it is anticipated that no material liabilities will arise. The maximum amount guaranteed at 31 December 2022 was £800,000 (2021: £800,000).

**19 Capital and other commitments**

At 31 December 2022 and 2021 the Company had the following tangible fixed asset capital commitments:

Contracts for future capital expenditure not provided in the financial statements:

	<b>2022 £000</b>	<b>2021 £000</b>
Contracts for future capital expenditure not provided in the financial statements – plant and equipment	<b>545</b>	307

**Trelleborg Sealing Solutions UK Limited****Notes to the financial statements (continued)  
for the year ended 31 December 2022****19 Capital and other commitments (continued)**

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Payments due:		
Not later than one year	<b>1,130</b>	1,131
Later than one year and not later than five years	<b>3,232</b>	3,761
Later than five years	<b>2,934</b>	2,597
	<b>7,296</b>	7,489

**20 Related party transactions**

The Company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are fellow wholly owned subsidiaries of Trelleborg AB (publ).

**21 Controlling parties**

The immediate parent undertaking is Trelleborg Holdings UK Limited.

The ultimate parent undertaking, controlling party and smallest and largest group to consolidate these financial statements is Trelleborg AB (publ), a company incorporated in Sweden. The registered office of Trelleborg AB (publ) is PO Box 153, S-231 22, Trelleborg, Sweden and copies of the consolidated financial statements can be obtained from this address.