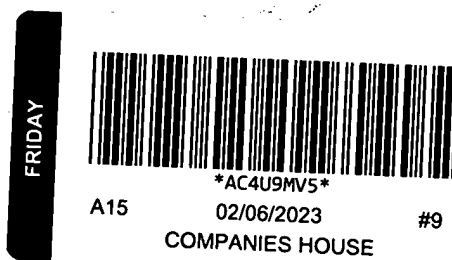


Registered Number 00888596

Porvair Filtration Group Limited
Annual report and financial statements
for the year ended 30 November 2022



Porvair Filtration Group Limited

Annual report and financial statements for the year ended 30 November 2022

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Porvair Filtration Group Limited

Directors and advisers for the year ended 30 November 2022

Directors

B D W Stocks
T Liddell
D Mellor
I Boxall
M Hughes
J A Mills

Company Secretary

C P Tyler

Registered office

7 Regis Place
Bergen Way
King's Lynn
Norfolk
PE30 2JN

Independent auditor

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Solicitors

Paris Smith
1 London Road
Southampton
Hampshire
SO15 2AE

Bankers

Barclays Bank plc
PO Box 885
Mortlock House
Station Road, Histon
Cambridge
CB24 9DE

Porvair Filtration Group Limited

Strategic report for the year ended 30 November 2022

The directors present the Strategic report of the Company for the year ended 30 November 2022.

Review of business and future developments

Revenue increased by 16%. As expected there was no gasification revenue in 2022 (2021: £nil) and Aerospace revenue was up 15%, which was broadly in line with industry metrics. In other industrial segments activity recovered through the year, with re-stocking lifting orders.

The Aerospace outlook for 2023 is better. Aerospace orders continued to improve in 2022 and shipping schedules in 2023 continue to remain strong.

Profit after tax increased by 39% as increased revenue and cost control improved operating margins. Profit was, to some extent, protected by restructuring actions carried out in prior years and increased manufacturing automation.

Operating cash generation was good during the year and inventory levels continued to be managed in line with levels of activity. Capital investment was directed at productivity and capacity enhancements which has started benefitting performance and this is expected to continue into 2023.

Net assets reduced by £0.9 million over the year; dividend payments were £3.0 million in the year (2021: £3.0 million), and profit after tax in the year was £1.9 million (2021: £1.3 million), including a share option charge of £0.2 million (2021: £0.1 million).

Key performance indicators

The Company considers its key performance indicators to be revenue growth and operating margins of its principal operations; revenue from new products; profit before tax growth, return on capital employed and lost time accidents, all measured against a predetermined budget. The Company is part of the Porvair plc group. Further discussion of these key performance indicators, in the context of the group as a whole, including the Company, is provided in the Chairman's statement, Chief Executive's report and the Finance Director's review in Porvair plc's 2022 annual report and financial statements, which does not form part of this report.

Porvair Filtration Group Limited

Strategic report for the year ended 30 November 2022 (continued)

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of the risks and uncertainties of the Company in the context of the Porvair group as a whole is provided on pages 22 to 25 of Porvair plc's 2022 annual report and financial statements, which does not form part of this report.

The Directors feel that the Company is well positioned to address the economic and operational uncertainty risks of the business. The impact on the Company of the Russia-Ukraine conflict is currently minimal and inflationary pressures are managed by passing on cost increases where necessary and accelerating investments in productivity. The business has a strong order book for deliveries in the next 12 months, a resilient supplier network and a strong balance sheet with a significant cash balance of £2.8 million as at 31 March 2023.

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



J A Mills
Director
1 June 2023

Porvair Filtration Group Limited

Directors' report for the year ended 30 November 2022

The Directors present their annual report and the audited financial statements of the Company for the year ended 30 November 2022.

Principal activities

The principal activity of the Company is the design, manufacture and sale of metal and plastic filters.

The Company is a private company limited by shares and is incorporated and domiciled in England, part of the UK. The address of its registered office is 7 Regis Place, Bergen Way, King's Lynn, PE30 2JN.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk, interest rate cash flow risk, and foreign exchange currency rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate cash flow risk and foreign exchange currency rate risk, and circumstances where it would be appropriate to use financial instruments to manage these.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is reassessed annually by the board.

Liquidity risk

The Company holds cash and the ultimate parent company ensures the Company has sufficient available funds for operations and planned growth.

Interest rate cash flow risk

The Company has interest bearing assets in the form of cash balances that earn interest at variable rates. The Directors will revisit the appropriateness of this should the Company's operations change in size or nature.

Foreign exchange currency rate risk

The Company has a policy to minimise foreign exchange currency rate risk through the regular monitoring of foreign currency flows and putting in place, where appropriate, forward currency exchange rate contracts managed by its ultimate parent company.

Results and dividends

The Company's results for the year are shown on page 13. The Company made a profit after tax for the financial year amounting to £1,812,000 (2021: £1,305,000). Dividends have been paid in the year of £3,000,000 (2021: £3,000,000). The directors do not recommend any further payment of a dividend.

Porvair Filtration Group Limited

Directors' report for the year ended 30 November 2022 (continued)

Directors

Details of the Directors who were in office during the year and up to the date of signing the financial statements are:

B D W Stocks

T Liddell

D Mellor

I Boxall

M Hughes

J A Mills

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 a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through internal newsletters, briefing groups and electronic communications.

Policy and practice on payment of creditors

Trade creditors at the year end represented 48 days (2021: 23 days) of purchases, the increase is due to inventory purchases in November 2022 to support manufacturing requirements. It is the Company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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.

Porvair Filtration Group Limited

Directors' report for the year ended 30 November 2022 (continued)

Statement of Directors' responsibilities (continued)

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.

Charitable donations

During the year, the Company made charitable donations of £1,550 (2021: £nil).

Research and development

The Company undertakes ongoing research relating to the development of new porous media products.

Differences between market and balance sheet value of land

In the opinion of the Directors, the difference between the market value and balance sheet value of land is not significant.

Future developments

Future developments of the Company are discussed in the Strategic report.

Going concern

The Directors have reviewed the cash flow forecast for the period ending 24 months after the balance sheet date. The forecast represents the Directors' best estimate of the Company's future performance and necessarily includes a number of assumptions, including the level of revenues, which are subject to inherent uncertainties. However, the forecast demonstrates that the Directors have a reasonable expectation that the Company will be able to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements, even if trade falls to worst case scenario levels.

Porvair Filtration Group Limited

Directors' report for the year ended 30 November 2022 (continued)

Going concern (continued)

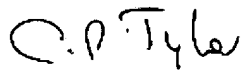
As at 30 November 2022 the Company had £4,084,000 (2021: £5,653,000) in cash and cash equivalents. The Company is currently forecasting to be profitable and cash positive for the 24 months from the date of this report and the foreseeable future, being a period of no less than 12 months from the date of signing of the financial statements.

Therefore, after due consideration of the risks and uncertainties associated with the business of the Company and, having made appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources and has the ability to continue trading on normal terms of the business for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Statement of disclosure of information to the auditor

In accordance with Section 418 of the Companies Act 2006, the Directors have confirmed that so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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



C P Tyler
Company Secretary
1 June 2023

Porvair Filtration Group Limited

Independent auditor's report to the members of Porvair Filtration Group Limited

Opinion

We have audited the financial statements of Porvair Filtration Group Limited (the 'company') for the year ended 30 November 2022 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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.

Porvair Filtration Group Limited

Independent auditor's report to the members of Porvair Filtration Group 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 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.

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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5 and 6, 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.

Porvair Filtration Group Limited

Independent auditor's report to the members of Porvair Filtration Group Limited (continued)

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006, tax compliance regulations and health and safety legislation.

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included:
FRS 101 and Companies Act 2006	<ul style="list-style-type: none">• Review of the financial statement disclosures and testing to supporting documentation.• Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	<ul style="list-style-type: none">• Inspection of advice received from internal / external tax advisors.• Inspection of correspondence with local tax authorities.• Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.
Health and safety legislation	<ul style="list-style-type: none">• Inquiry of management and where appropriate, those charged with governance and inspection of legal and regulatory correspondence, if any.

Porvair Filtration Group Limited

Independent auditor's report to the members of Porvair Filtration Group Limited (continued)

The audit engagement team identified the risk of management override of controls, warranty provisions, project revenue recognition and the completeness and cut off of revenue recognition in relation to sale of goods as the areas where the financial statements were most susceptible to material misstatement due to fraud.

Risk	Audit procedures performed by the audit engagement team:
Management override of controls	<ul style="list-style-type: none">• Testing the appropriateness of journal entries and other adjustments.• Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.• Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
Warranty provisions	<ul style="list-style-type: none">• Understanding management's warranty provisioning process and evaluating the appropriateness of the accounting policy;• Reading and challenging management's papers in respect of significant provisions and assessing the recognition of provisions in the context of IAS 37;• Discussion of the latest position with management, including discussion with individuals in the operational teams of the components in which the provisions are made;• Audit of the inputs to the calculations to supporting evidence and checking the arithmetic accuracy of the calculations;• Challenging management on the appropriateness of the judgements and estimates made;• Auditing the presentation and disclosures in the financial statements.
Project revenue recognition and cut-off and completeness in relation to revenue from sale of goods	<p>For projects revenue procedures included:</p> <ul style="list-style-type: none">• Evaluating the application of IFRS 15 to the contract, including the identification of performance obligations.• Assessing and challenging the assumptions used in recognition of revenue on projects where revenue is recognised over time. <p>For revenue from sale of goods procedures included:</p> <ul style="list-style-type: none">• Investigating transactions posted to nominal ledger codes outside of the normal revenue cycle as identified using a data analytic tool.• Testing cut-off, including obtaining copies of signed GDNs and evidence from third party distributors to confirm that the sale has been recognised at the date of delivery.• Testing the completeness of revenue by obtaining and testing the GDN listing for any instances where a corresponding sales invoice did not exist.

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

Porvair Filtration Group Limited

Independent auditor's report to the members of Porvair Filtration Group Limited (continued)

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.

RSM UK Audit LLP

Graham Ricketts (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

1 June 2023

Porvair Filtration Group Limited

Income statement for the year ended 30 November 2022

	Note	2022 £'000	2021 £'000
Turnover	1	31,690	27,420
Cost of sales		(23,842)	(21,882)
Gross profit		7,848	5,538
Distribution costs		(501)	(443)
Exceptional reorganisation credit	24	-	63
Administrative expenses		(4,899)	(3,293)
Operating profit	2	2,448	1,865
Finance costs	3	(54)	(66)
Profit before taxation		2,394	1,799
Tax on profit	6	(482)	(494)
Profit for the financial year		1,912	1,305

All items dealt with in arriving at operating profit above relate to continuing operations.

The Company has no comprehensive income or expenses other than the profit for the financial year and therefore no separate statement of comprehensive income has been presented.

Porvair Filtration Group Limited

Balance sheet as at 30 November 2022

Registered No: 00888596

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	8	6,578	5,671
Right of use assets	9	509	1,023
Intangible assets	10	6,021	6,034
Investments	11	-	-
		13,108	12,728
Current assets			
Stocks	12	7,842	6,729
Trade and other debtors	13	6,150	5,705
Cash at bank and in hand		4,084	5,653
		18,076	18,087
Current liabilities			
Trade and other creditors	14	(6,128)	(3,762)
Lease liabilities less than one year	9	(501)	(533)
Provisions for other liabilities and charges	16	(2,581)	(3,209)
		(9,210)	(7,504)
Net current assets		8,866	10,583
Total assets less current liabilities		21,974	23,311
Non-current liabilities			
Lease liabilities greater than one year	9	-	(503)
Provisions for other liabilities and charges	16	(327)	(296)
Net assets		21,647	22,512
Capital and reserves			
Called up share capital	17	18,208	18,208
Share premium account		1,015	1,015
Profit and loss account		2,424	3,289
Total equity		21,647	22,512

The financial statements on pages 13 to 38 were approved and authorised for issue by the board of directors on 1 June 2023 and were signed on its behalf by:



J A Mills
Director

Porvair Filtration Group Limited

Statement of changes in equity for the year ended 30 November 2022

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance as at 1 December 2020	18,208	1,015	4,902	24,125
Profit for the financial year	-	-	1,305	1,305
Total comprehensive income	-	-	1,305	1,305
Dividends (note 7)	-	-	(3,000)	(3,000)
Share based payments	-	-	82	82
Total transactions with owners recognised directly in equity	-	-	(2,918)	(2,918)
Balance as at 30 November 2021	18,208	1,015	3,289	22,512
Profit for the financial year	-	-	1,912	1,912
Total comprehensive income	-	-	1,912	1,912
Dividends (note 7)	-	-	(3,000)	(3,000)
Share based payments	-	-	223	223
Total transactions with owners recognised directly in equity	-	-	(2,777)	(2,777)
Balance as at 30 November 2022	18,208	1,015	2,424	21,647

Porvair Filtration Group Limited

Accounting policies for the year ended 30 November 2022

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis and under the historical cost convention, in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based payment' (details of the number and weighted-average exercise prices of share options and how the fair value of goods or services received was determined);
- 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';
- paragraph 33(c) of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations';
- IFRS 7 'Financial Instruments: Disclosures';
- 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' (reconciliations between the carrying amount at the beginning and end of the period);
- paragraphs 10(d) (statement of cash flows), 10(f) (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements), 16 (statement of compliance with all IFRSs), 38A (requirement for minimum of two primary statements, including cash flow statements), 38B-D (additional comparative information), 40A-D (requirements for a third statement of financial position), 111 (cash flow statement information) and 134 to 136 (capital management disclosures) of IAS 1 'Presentation of Financial Statements';
- IAS 7 'Statement of Cash Flows';
- paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation);
- 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; and
- paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135 (e) of IAS 36 'Impairment of Assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts).

Porvair Filtration Group Limited

Accounting policies for the year ended 30 November 2022 (continued)

Accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 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 below. No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 December 2021 have had a material impact on the Company.

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Company's accounting policies

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

Material estimates and assumptions are made in particular with regard to: establishing uniform depreciation and amortisation periods for the Company; goodwill and intangible assets valuation (cash flows and discount rate); impairment testing; assumptions used in the calculation of share based payments; parameters for measuring provisions; deferred tax, and the likelihood that tax assets can be realised. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

- *Goodwill.* The Company tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see Goodwill accounting policy); and no impairment is suggested, whether or not these estimates are changed by 10% at the balance sheet date.
- *Provisions for project filtration systems.* The Company holds warranty provisions in relation to certain project filtration contracts which are either in the commissioning phase or have yet to reach the commissioning phase. Note 16 outlines management's best estimate of the amount of any potential loss arising from rectification and claims arising on those contracts. Progress on commercial discussions and the performance of the filtration equipment installed, together with the passage of time, all help to inform the judgements taken at the year end.

Porvair Filtration Group Limited

Accounting policies for the year ended 30 November 2022 (continued)

The principal accounting policies applied in the preparation of these financial statements are set out below:

Going concern

The Company meets its day-to-day working capital requirements through its cash reserves. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company should be able to operate within the level of its current cash reserves for a period not less than 12 months from the date of approval of these financial statements. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being not less than 12 months from the approval of these financial statements. The Company has the full financial support, including a letter of support, from its ultimate parent, Porvair plc, and the Directors are confident the Company's group will continue its strategic objectives. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable for goods and services supplied to customers, after deducting sales discounts and value-added taxes, based on the consideration specified in the contract. Revenue is recognised at a point in time for standard revenue transactions when control of the goods provided is transferred to the customer according to the International Commercial Terms of each contract. Separate provision is made for returns and in the few instances where rebates are provided.

For certain contracts, an assessment is required as to the goods and services promised in the contract and the associated performance obligations. The contract price is allocated to the distinct performance obligations based on relative stand-alone selling prices. Where stand-alone selling prices are not available, the Company will estimate the selling price with reference to the price that would be charged for the goods or services if they were sold separately. Revenue is recognised in respect of each performance obligation either at a point in time when the performance is satisfied, or over time if the entity's performance does not create an asset with alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of the tangible fixed assets, less their estimated residual value, over their estimated economic lives on a straight line basis. Depreciation rates are as follows:

Leasehold improvements	12.5% or the remaining life of the lease
Freehold buildings	2%
Plant and machinery	10% - 50%
Motor vehicles	25%
Freehold land	Not depreciated

Assets in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised. Depreciation for these assets commences when the assets are ready for their intended use.

Porvair Filtration Group Limited

Accounting policies for the year ended 30 November 2022 (continued)

Intangible assets

Software, know-how and design costs are classified as intangible assets and measured initially at purchase cost. Amortisation is charged on a straight line basis over their estimated useful lives, which are deemed to be between 3 and 5 years.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Company's product development expenditure is recognised only if all of the following criteria are demonstrable:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use the intangible asset or to sell it;
- The way in which the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

All expenditure on the registration, renewal and maintenance of patents and trademarks is written off to the income statement as incurred.

Goodwill

Purchased goodwill represents the excess of the fair value of the total purchase consideration over the fair value of the net assets acquired. This is capitalised as an intangible fixed asset at cost less accumulated impairment losses and is reviewed annually for impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed. The Company is the only cash generating unit ("CGU") due to the fact that it constitutes the smallest identifiable group of assets that generate cash flows for the entity, by means of supplying filtration products to customers. The recoverable amount of the goodwill is based on value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period and cash flows beyond the three-year period are extrapolated using a 3.5% growth rate. The cash flow projections are discounted at the pre-tax rate at 30 November 2022 of 12.8%. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Based on the results of the current year impairment review, no impairment charges have been recognised by the Company in the year ended 30 November 2022. Having assessed the anticipated future cash flows, the Directors do not currently foresee any reasonable changes in these assumptions that would have led to such an impairment charge in the year ended 30 November 2022.

Investments

Investments are stated at cost less provision for permanent diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Porvair Filtration Group Limited

Accounting policies for the year ended 30 November 2022 (continued)

Pensions

The Company participates in the Porvair plc Pension & Death Benefit Plan (the “Plan”). The assets of the Plan are held separately from those of the Company in separate trustee administered funds. The Plan is a multi-employer scheme in which it is not possible to separately identify the underlying scheme assets and liabilities that relate to each employer. The Plan is accounted for in the annual report and financial statements of Porvair plc, where further disclosure is made.

Pension costs for the defined contribution scheme, also operated by Porvair plc, are charged to profit as incurred.

Taxation

Current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that are relevant to the period.

Deferred tax is the tax expected to be payable or recoverable on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rates which have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is recognised in the income statement, except when it relates to items recognised directly to other comprehensive income or directly to equity. In this case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

Leases

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before commencement date.

Lease liabilities are recorded at the present value of future lease payments. Leases are discounted at the Company’s incremental borrowing rate of 2.8%, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right of use assets are depreciated on a straight line basis over the lease term, or useful life if shorter. Interest is recognised on the lease liability, resulting in a higher finance cost in the earlier years of the lease term.

Lease payments relating to low value assets or to short term leases are recognised as an expense on a straight line basis over the lease term. Short term leases are those with 12 months or less duration. Low value assets are those below a cost of £4,000.

Porvair Filtration Group Limited

Accounting policies for the year ended 30 November 2022 (continued)

Share based payments

The ultimate parent company, Porvair plc, issues equity settled, share based payments to certain employees. In accordance with IFRS 2, 'Share-based payment', the Company recognises an expense in respect of options granted by its parent company to Company employees. Equity settled, share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled, share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The charge is then credited back to reserves.

At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to reserves.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Foreign currencies

The Company's financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency. Foreign currency monetary assets and liabilities are translated into Pounds Sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pounds Sterling at the rate of exchange prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(a) Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The Company applies the IFRS 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

(c) Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently held at amortised cost.

Porvair Filtration Group Limited

Accounting policies for the year ended 30 November 2022 (continued)

Provisions

A provision is recognised when there is a present (legal or constructive) obligation as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions have been made for future dilapidation costs on leased property and for warranties on shipped goods sales, and warranty costs on relevant sale contracts. These provisions are the Directors' best estimates as the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

Where the impact of discounting is material, the Company discounts at its weighted average cost of capital, unless some other rate is more appropriate in the circumstances.

Consolidated financial statements

These financial statements present information about the Company as an individual undertaking and not about its Group. The Company is a wholly-owned subsidiary of Porvair plc and is included in the consolidated financial statements of Porvair plc, a company incorporated in England and Wales, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Accounting standards in issue but not yet effective

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022

1 Turnover

Turnover is attributable to the principal activity of the Company and is wholly generated from the United Kingdom. An analysis of revenue by geographical destination is given below:

	2022 £'000	2021 £'000
United Kingdom	10,562	9,968
Rest of Europe	9,894	8,122
Americas	9,191	7,921
Asia	1,436	1,201
Rest of World	607	208
	31,690	27,420

2 Operating profit

	2022 £'000	2021 £'000
Operating profit is stated after charging/(crediting):		
Amortisation of intangible assets in cost of sales	56	58
Depreciation of property, plant and equipment:		
- owned assets	732	697
- right of use assets	511	515
Inventory recognised as an expense	11,865	11,152
Operating lease rentals:		
- other	5	3
(Profit)/loss on disposal of property, plant and equipment	-	(2)
Research and development expenditure	1,517	1,549
Foreign exchange loss/(gain)	273	(258)
Services provided by the Company's auditor		
During the year, the Company obtained the following services from the Company's auditor at costs as detailed below:		
- The audit of the Company's financial statements	59	58

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

3 Finance costs

	2022	2021
	£'000	£'000
Interest on lease liabilities (note 9)	23	38
Unwinding of discount on provisions (note 16)	31	28
	54	66

4 Employee information

The average monthly number of staff employed by the Company, including Directors, during the year by activity was as follows:

	2022	2021
	Number	Number
Production and distribution	191	192
Selling	26	26
Administration	12	13
	229	231

The cost of employing those staff comprised:

	2022	2021
	£'000	£'000
Wages and salaries	9,255	8,234
Social security costs	1,011	871
Other pension costs (note 18)	1,026	1,009
Share based payment	223	82
	11,515	10,196

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

5 Directors' emoluments

	2022	2021
	£'000	£'000
Aggregate directors' emoluments	630	415
Amounts paid to defined contribution pension schemes	125	73
	755	488

The number of directors to whom retirement benefits are accruing under defined contribution pension schemes is 4 (2021: 4). No director (2021: none) received compensation for loss of office (2021: £nil).

	2022	2021
	£'000	£'000
Highest paid director		
Aggregate emoluments	277	163
Amounts paid to defined contribution pension schemes	25	24
	302	187

Messrs, Stocks and Mills received no emoluments in respect of their services to the Company as they are paid by the ultimate parent company. Messrs, Stocks and Mills are also directors of the ultimate parent company, Porvair plc, and their remuneration as directors of that company is disclosed in those financial statements.

In the year ended 30 November 2022, no directors (2021: none) exercised share options, and consequently there was a £nil gain/loss (2021: £nil gain/loss) from the shares of Porvair plc.

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

6 Tax on profit

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits of the year	169	313
Adjustments in respect of previous periods	-	51
Total current tax	169	364
Deferred tax		
Origination and reversal of timing differences	313	130
Adjustments in respect of previous periods	-	-
Total deferred tax (note 15)	313	130
Tax charge on profit	482	494

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

	2022 £'000	2021 £'000
Profit before taxation	2,394	1,799
Tax at the standard UK Corporation tax rate of 19% (2021: 19%)	455	342
Differences arising explained by:		
Income and expenses not deductible for tax purposes	44	31
Fixed asset related differences	(79)	(8)
Other permanent differences	(13)	(24)
Effects of changes in deferred tax rates	75	102
Adjustments in respect of previous periods	-	51
Tax charge for the year	482	494

The standard rate of Corporation tax in the UK was 19% during the year to 30 November 2022. Accordingly, the theoretical effective tax rate applied to the Company's profits for this accounting year is 19%.

The Finance Act 2021, substantively enacted in the year to 30 November 2021, announced that the UK corporation tax rate will increase to 25% for profits over £250,000, with effect from 1 April 2023. The deferred tax assets and liabilities at 30 November 2022 have been calculated by reference to the future UK corporation tax rate of 25% (2021: 25%).

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

7 Dividends

		2022		2021
	Per share	£'000	Per share	£'000
Interim dividend paid	16.48p	3,000	16.48p	3,000

The directors do not recommend a final dividend to be paid for the year ended 30 November 2022 (2021: £nil).

8 Tangible fixed assets

	Land and buildings £'000	Assets in the course of construction £'000	Plant & machinery and motor vehicles £'000	Total £'000
Cost				
At 30 November 2020	3,768	94	10,392	14,254
Reclassification	1	(94)	93	-
Additions	-	147	315	462
Disposals	-	-	(56)	(56)
At 30 November 2021	3,769	147	10,744	14,660
Reclassification	-	(104)	104	-
Additions	7	820	855	1,682
Disposals	-	(43)	(36)	(79)
At 30 November 2022	3,776	820	11,667	16,263
Accumulated depreciation				
At 30 November 2020	1,036	-	7,306	8,342
Charge for the year	66	-	630	696
Disposals	-	-	(49)	(49)
At 30 November 2021	1,102	-	7,887	8,989
Charge for the year	67	-	665	732
Disposals	-	-	(36)	(36)
At 30 November 2022	1,169	-	8,516	9,685
Net book value				
At 30 November 2022	2,607	820	3,151	6,578
At 30 November 2021	2,667	147	2,857	5,671
At 30 November 2020	2,732	94	3,086	5,912

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

8 Tangible fixed assets (continued)

The net book amount of land and buildings comprises:

	2022	2021
	£'000	£'000
Freehold land and buildings	2,537	2,593
Leasehold improvements	70	74
	2,607	2,667

9 Right of use assets and lease liabilities

Right of use assets

	Leasehold improvements £'000	Plant, machinery and equipment £'000	Total £'000
Cost			
At 30 November 2020	2,024	29	2,053
At 30 November 2021	2,024	29	2,053
Exit from leases	-	(15)	(15)
At 30 November 2022	2,024	14	2,038
Accumulated depreciation			
At 1 December 2020	506	9	515
Charge for the year	506	9	515
At 30 November 2021	1,012	18	1,030
Exit from leases	-	(12)	(12)
Charge for the year	506	5	511
At 30 November 2022	1,518	11	1,529
Net book value			
At 30 November 2022	506	3	509
At 30 November 2021	1,012	11	1,023
At 30 November 2020	1,518	20	1,538

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

9 Right of use assets and lease liabilities (continued)

Lease liabilities

	Total £'000
Cost	
At 30 November 2020	1,559
Lease payments	(561)
Interest on lease liabilities	38
At 30 November 2021	1,036
Lease payments	(555)
Exit from leases	(3)
Interest on lease liabilities	23
At 30 November 2022	501
Analysed as:	
Repayable within one year	501
Repayable after one year	-
Total	501

Lease liabilities mature as follows:

Minimum right of use liabilities falling due:

Within one year - land and buildings	497
Within one year - property, plant and equipment	4
Total Within one year	501
 Total commitment	 509
Less: finance charges included above	(8)
Net present value of lease liabilities	501

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

10 Intangible fixed assets

	Goodwill	Software	Total
	£'000	£'000	£'000
Cost			
At 30 November 2020	14,325	585	14,910
Additions	-	37	37
At 30 November 2021	14,325	622	14,947
Disposals	-	(49)	(49)
Additions	-	43	43
At 30 November 2022	14,325	616	14,941
Accumulated amortisation			
At 30 November 2020	8,401	454	8,855
Charge for the year	-	58	58
At 30 November 2021	8,401	512	8,913
Disposals	-	(49)	(49)
Charge for the year	-	56	56
At 30 November 2022	8,401	519	8,920
Net book value			
At 30 November 2022	5,924	97	6,021
At 30 November 2021	5,924	110	6,034
At 30 November 2020	5,924	131	6,055

Goodwill represents the excess of the cost of acquisition of net assets and shares over the fair value of the acquired net assets of subsequently subsumed companies.

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

11 Investments

	Shares in subsidiary undertakings
	£'000
Cost and net book value at 30 November 2021 and 30 November 2022	-

The Company owns one subsidiary, Microfiltrex Limited, with 100% interest in its ordinary shares and voting rights; it is dormant, incorporated in England and Wales and has a registered office of 7 Regis Place, Bergen Way, King's Lynn, UK.

12 Stocks

	2022	2021
	£'000	£'000
Raw materials and consumables	1,253	854
Work in progress	5,254	4,340
Finished goods and goods for resale	1,335	1,535
	7,842	6,729

The replacement value of stocks is not materially different from the book value.

13 Trade and other debtors

	2022	2021
	£'000	£'000
Due within one year		
Trade debtors	4,701	4,990
Amounts owed by group undertakings	260	265
Corporation tax	337	-
Prepayments and accrued income	852	450
	6,150	5,705

Amounts owed by group undertakings of £260,000 (2021: £265,000) are interest free, unsecured and due for payment within 30 days of the invoice date.

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

14 Trade and other creditors

	2022	2021
	£'000	£'000
Trade creditors	2,974	1,403
Amounts owed to group undertakings	-	1
Other taxation and social security	250	243
Deferred tax (note 15)	740	427
Corporation tax	-	26
Accruals and contract liabilities	2,164	1,662
	6,128	3,762

Amounts owed to group undertakings of £nil (2021: £1,000) are interest free, unsecured and due for payment within 30 days of the invoice date.

Included within the balance of 'Accruals and contract liabilities' are contract liabilities of £258,000 (2021: £325,000).

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

15 Deferred taxation

	2022	2021
Deferred tax liabilities	£'000	£'000
At 1 December	427	297
Charge to the income statement (note 6)	313	130
At 30 November	740	427

The deferred tax liability recognised in the financial statements comprises:

	2022	2021
	£'000	£'000
Accelerated capital allowances	842	526
Other short term timing differences	(102)	(99)
	740	427

There were no other unprovided deferred tax amounts at 30 November 2022 (2021: £nil).

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

16 Provisions for liabilities

	Dilapidations £'000	Warranty £'000	Total £'000
At 1 December 2020	268	4,021	4,289
Charged to the profit and loss account			
- Unwinding of discount on provisions	28	-	28
- Warranty release	-	(583)	(583)
Utilised			
- Warranty	-	(229)	(229)
At 30 November 2021	296	3,209	3,505
Charged to the profit and loss account			
- Unwinding of discount on provisions	31	-	31
- Warranty release	-	-	-
Released			
- Warranty	-	(628)	(628)
At 30 November 2022	327	2,581	2,908

The provisions arise from a discounted dilapidations provision for leased property, which is non-current and expected to reverse after 2023, and sale warranties, which are current and utilisable within 12 months.

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

17 Called up share capital and share options

	2022		2021	
	Number	£'000	Number	£'000
Authorised				
Ordinary 'A' shares of £1 each	4,000,000	4,000	4,000,000	4,000
Ordinary 'B' shares of £1 each	15,000,100	15,000	15,000,100	15,000
Deferred shares	3,000,000	3,000	3,000,000	3,000
	22,000,100	22,000	22,000,100	22,000
Allotted and fully paid				
Ordinary 'A' shares of £1 each	3,823,620	3,824	3,823,620	3,824
Ordinary 'B' shares of £1 each	14,384,100	14,384	14,384,100	14,384
	18,207,720	18,208	18,207,720	18,208

The 'A' ordinary shares and the 'B' ordinary shares rank equally and are identical in all respects.

The parent company, Porvair plc, has a share option scheme in operation, whereby options over shares in the parent company can be granted to employees of Porvair Filtration Group Limited.

These equity settled, share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled, share based payments is expensed to the profit and loss account on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The charge is then credited back to reserves.

The weighted average share price at exercise of the share options exercised during the period was £5.22 (2021: £6.31). As at 30 November 2022 the share options outstanding had exercise prices in the range of £3.98 to £4.70 (2021: £3.98 to £4.70) and a weighted average remaining contractual life of 1.9 years (2021: 2.1 years).

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

18 Pension commitments

The Company provides pension benefits to eligible employees through membership of a defined benefit plan and a defined contribution plan, both operated by its ultimate parent company, Porvair plc.

The contributions paid by the Company in respect of the defined benefit scheme are accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities. The cost of employer contributions is based on the number of active members of the Company and a standard employer contribution rate, as determined in an independent triennial valuation. In addition, the Company contributes to the administration costs of the scheme, based on its relative share of the total annual contributions to the scheme. The Company does not pay for, and is not liable for, other entities' obligations, nor is it liable for any deficit or entitled to any surplus on withdrawal from the plan or on its winding up. Particulars of the latest actuarial valuation of the scheme are contained in the consolidated financial statements of Porvair plc.

The charge to the income statement for the year in respect of contributions to the group schemes amounted to £1,026,000 (2021: £1,009,000). As at 30 November 2022, £74,000 (2021: £88,000) in relation to pensions were outstanding to be paid.

19 Capital commitments

There was capital expenditure contracted for but not provided for in the financial statements of £570,000 as at 30 November 2022 (2021: £461,000).

20 Operating lease commitments

At 30 November 2022 the Company had future aggregate minimum lease payments under non-cancellable operating leases expiring as follows:

	2022 £'000	2021 £'000
No later than one year	4	6
Later than one year and no later than five years	2	6
	6	12

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

21 Contingent liabilities

At 30 November 2022, the Group had the following performance bonds:

	2022	2021
	\$'000	\$'000
Performance bonds	956	2,549
	956	2,549

\$956,000 (£803,000) (2021: \$2,549,000 (£1,917,000)) of the performance bonds relate to the contracts for filtration systems provided for gasification projects. These projects are being commissioned, a process which is taking several years. The Group has provided its best estimate of the amount of any potential loss arising from rectification and claims arising on these contracts within the £2.6 million warranty provisions disclosed in note 16. The uncalled performance bonds are expected to be called or released no later than December 2024.

The Company has an unlimited cross-guarantee arrangement in respect of the bank borrowings of Porvair plc, Seal Analytical Limited, Porvair Sciences Limited and Porvair Filtration Limited. At 30 November 2022, these borrowings amounted to £nil (2021: £5,217,000).

22 Parent undertaking

The Company's intermediate parent undertaking is Porvair Filtration Limited, a company registered in England and Wales, with its registered office at 7 Regis Place, Bergen Way, King's Lynn, Norfolk, PE30 2JN.

The Company's ultimate parent undertaking and controlling party is Porvair plc, a company registered in England and Wales which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Porvair plc's financial statements are available to the public and may be obtained from the company secretary of Porvair plc at 7 Regis Place, Bergen Way, King's Lynn, Norfolk, PE30 2JN.

23 Related party transactions

The Company has taken advantage of the exemption in FRS101 not to disclose transactions with wholly owned subsidiaries of Porvair plc.

During the year, the Company sold £171,000 (2021: £206,000) of goods to Porvair Filtration India Private Limited, a subsidiary controlled but not wholly owned by the ultimate parent of the Company, Porvair plc. At 30 November 2022 the Company was owed £260,000 (2021: £244,000) by Porvair Filtration India Private Limited.

Porvair Filtration Group Limited

Notes to the financial statements for the year ended 30 November 2022 (continued)

24 Exceptional credit

During the prior year, the Company recognised an exceptional net credit, as detailed below. It has been highlighted separately to allow a more consistent assessment of the Company's trading.

	2022 £'000	2021 £'000
Reorganisation costs	-	63
	-	63

The reorganisation credit in 2021 of £0.1m relates to redundancies resulting from the restructuring of the business during the Covid-19 pandemic period. There was no corresponding credit in 2022.