



Vee Bee Filtration UK Limited
Annual report and financial statements
for the year ended 31 December 2020

Company Registration No. 02713463

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Vee Bee Filtration UK Limited
Annual report and financial statements
for the year ended 31 December 2020

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Vee Bee Filtration UK Limited

Strategic report for the year ended 31 December 2020

The directors present their Strategic report for Vee Bee Filtration UK Limited ("the Company") for the year ended 31 December 2020.

Principal activities

The principal activity of the Company continues to be the design, manufacture and sale of bespoke engineered filtration products to protect high value equipment for a variety of end markets including LNG, petrochemicals and refining process plants. Vee Bee provides complete solutions to the specific filtration requirements of customers.

Strategic review

The operating environment for the Company has been significantly impacted by the global pandemic, most particularly in the highly engineered premium solutions for LNG applications. As a result the business has continued to restructure its manufacturing and operating capabilities, distribution channels and technical and product developments to enable it to operate profitably without reliance on LNG projects but retaining its already excellent market position and high regard in which customers hold the business, technical capabilities and staff in this market.

In the light of these changes the directors report a loss before interest, tax £963,000 (year end 2019: £600,000 loss) and are satisfied with the overall performance of the business during the period and the position of the business moving into 2021.

The Company's key measurements of effectiveness of its operations include turnover growth, gross and net margin.

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Turnover	4,980	6,362
Gross profit	1,479	2,355
Gross margin	30%	37%
Average number of employees	34	42

Turnover for the year decreased by 22% (2019: 18%) primarily driven by the decline in the revenue generated from new LNG liquification projects.

The business model remains that of developing class leading filtration and strainer solutions to meet the most stringent customer demands, undertaking in-house manufacture where flexibility, economics and quality issues suggest this to be the best method of manufacture, selling in the main to engineering, procurement, construction, and project management companies and supporting the installed base of systems with maintenance and refurbishment services and the sale of spares. The position of the Company at the year end is set out in the balance sheet on page 10 and in the related notes on pages 11 to 24.

COVID-19 has impacted on the Company and the trading group 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 Company and trading group are 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 is working with and implementing 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. 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."

Vee Bee Filtration UK Limited

Strategic report for the year ended 31 December 2020

Principal risks and uncertainties

The Company operates in the energy industry which has historically endured cycles and which is a continuing risk to the Company. The historic oil price fall is evidence of the cyclical nature of this industry which had a profound effect on pricing within the oilfield services industry. The Company manages this risk by providing value added services and delivering high quality products to its customers. Furthermore, a proportion of the Company's revenue is derived from the LNG industry which exhibits a different market routine from the classical cycle of the crude oil industry.

Many of the sales made by the Company are into specific, high value, multi-year projects and accordingly project delay can and does cause delay to the receipt of orders. The Company mitigates this risk by ensuring that a volume of potential order prospects is maintained.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The primary objective is to report in a transparent and clear way. Profits reported must be represented in ultimate cashflow and the objective of the financial management within the Company is to eliminate financial risk from the operations of the Company as much as is possible.

Foreign currency risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. A significant proportion of the Company's trading is in US Dollars and this may result in a difference in ultimate Sterling value realised compared with that quoted. To mitigate this, Significant transactions in foreign currencies are managed by placing foreign exchange contracts with a fellow group company, Trelleborg Treasury AB (publ) which manages liquidity risk.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables. The Company operates open credit for customers with a known track record of trading with the Company. This may expose the Company to a credit risk where customer circumstances change. This is mitigated by constant monitoring of the customers.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

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

Price risk

The Company has no significant exposure to commodity risk in the cost of its products; however the energy industry is a commodity market and changes in the oil or gas price can have an impact on project economics which may result in prospective orders being delayed or cancelled.

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).

Corporate and social responsibility

The Company takes its Corporate and social responsibility seriously. Employees are considered to be key stakeholders in the business as are business and community neighbours. The Company makes every effort to ensure a safe, non-intrusive, working environment is maintained and the large majority of the supply chain is maintained in the UK. All interactions with foreign suppliers and customers are conducted on an ethical basis ensuring that those third party relationships do not themselves engage in unethical practices with regard to employment of minors or discrimination on the grounds of sex, race or religion. The parent Group is assessed on an annual basis for its carbon footprint and a levy is paid.

Vee Bee Filtration UK Limited

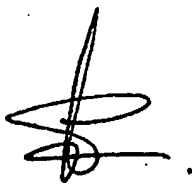
**Strategic report
for the year ended 31 December 2020**

Future developments

The Company has considerable financial resources and the investment made during the year ended 31 December 2020 is expected to drive growth in revenue. Furthermore, a number of key new market initiatives have commenced with product and design excellence at the heart of the Company's growth strategy.

The timing of orders will remain a challenge, but the Directors are confident in a strong and sustained period of trading ahead.

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

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line and a small circle.

S J Hale
Director

31 March 2021

Vee Bee Filtration UK Limited

Directors' report

For the year ended 31 December 2020

The directors present their annual report and the audited financial statements for the period ended 31 December 2020.

Future developments

An indication of future developments of the business is included in the Strategic Report on pages 1-3.

Dividends

The directors do not recommend the payment of a dividend (2019: £nil)

Financial risk management

Financial risk management is described in the Strategic Report on pages 1-3.

Directors

The directors who served the Company during the period and up to the date of signing were as follows:

D R Hill (resigned 31 August 2020)

S J Hale

M J Noakes (resigned 8 April 2020)

W Hagenberg

P Cotte

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The directors believe that it is appropriate for the financial statements to be prepared on the going concern basis having received a letter of support from Trelleborg Holdings UK Limited, which indicates that it will continue to provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

In making this assessment the directors have considered the ongoing impact on the Company of COVID-19, as noted in the Strategic report on page 1.

Directors' statement of responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 United Kingdom 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.

Vee Bee Filtration UK Limited

Directors' report

For the year ended 31 December 2020

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

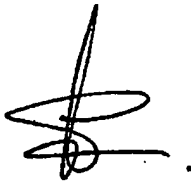
In the case of each of the persons who are directors at the time when this report is approved under section 418 of the Companies Act 2006 the following applies:

- 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 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.

Independent auditor

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

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

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line and a small dot.

S J Hale
Director

31 March 2021

Independent auditor's report to the members of Vee Bee Filtration UK Limited

Opinion

We have audited the financial statements of Vee Bee Filtration UK Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and loss account, Balance sheet, Statement of Changes in Equity and Notes to the Financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Independent auditor's report to the members of Vee Bee Filtration UK Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page 4 and 5, 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.

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

- We obtained an understanding of the legal and regulatory requirements applicable to the company financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and taxation laws;
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant

Independent auditor's report to the members of Vee Bee Filtration UK Limited

- accounting estimates; and
- identifying and testing journal entries, in particular, any journal entries posted with unusual characteristics.

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

Use of this 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.



Rebecca Copping (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP
Statutory Auditor
Staverton Court, Staverton, Cheltenham, GL51 0UX

13/04/2021

Vee Bee Filtration UK Limited

**Profit and loss account
for the year ended 31 December 2020**

	Note	2020 £000	2019 £000
Turnover	5	4,980	6,362
Cost of sales		(3,501)	(4,007)
Gross profit		1,479	2,355
Distribution costs		(197)	(202)
Administrative expenses		(2,313)	(2,753)
Operating loss	6	(1,031)	(600)
Other income	8	68	-
Loss before interest and taxation		(963)	(600)
Interest receivable and similar income	9	1	7
Loss before taxation		(962)	(593)
Tax on loss	10	165	(6)
Loss for the financial year attributable to the equity shareholder of the Company		(797)	(599)

All 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 is presented.

The notes on pages 12 to 24 are an integral part of these financial statements.


Vee Bee Filtration UK Limited

Balance Sheet at 31 December 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	11		459		543
			459		543
Current assets					
Stocks	12	1,054		2,011	
Debtors	13	4,639		4,528	
Cash at bank and in hand		61		1,264	
		5,754		7,803	
Creditors: amounts falling due within one year	14	(3,346)		(4,682)	
Net current assets			2,408		3,121
Net assets			2,867		3,664
Capital and reserves					
Called up share capital	17		-		-
Profit and loss account			2,867		3,664
Shareholder's funds			2,867		3,664

The notes on pages 12 to 24 are an integral part of these financial statements.

The financial statements on pages 9 to 24 were authorised for issue by the board of directors on 31 March 2021 and were signed on its behalf by:



S J Hale
Director

Vee Bee Filtration UK Limited

**Statement of changes in equity
for the year ended 31 December 2020**

	Called- up share capital £000	Retained earnings £000	Total £000
Balance as at 1 January 2019	-	4,263	4,263
Loss for the year	-	(599)	(599)
Balance as at 31 December 2019	-	3,664	3,664
Balance as at 1 January 2020	-	3,664	3,664
Loss for the year	-	(797)	(797)
Balance as at 31 December 2020	-	2,867	2,867

Vee Bee Filtration UK Limited

Notes to the financial statements for the year ended 31 December 2020

1 General Information

Vee Bee Filtration UK Limited ("the Company") is an intermediary holding company.

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 and its place of business is Commerce Business Centre, West Wilts Trading Estate, Westbury, Wiltshire, BA13 4LS.

2 Statement of compliance

The financial statements of Vee Bee Filtration 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" ("FRS102") issued by the Financial Reporting Council and the Companies Act 2006.

3 Summary of significant accounting policies

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.

Basis of preparation

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.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The directors believe that it is appropriate for the financial statements to be prepared on the going concern basis having received a letter of support from Trelleborg Holdings UK Limited, which indicates that it will continue to provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements. In making this assessment the directors have considered the ongoing impact on the Company of COVID-19, as noted in the Strategic report on page 1.

Exemptions for qualifying entities under FRS102

FRS102 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 FRS102 paragraphs 11.39 to 11.48A and the paragraphs 12.26 to 12.29; and
- from disclosing the Company key management personnel compensation, as required by FRS102 paragraph 33.7.

Vee Bee Filtration UK Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

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 [profit and loss account] [statement of income and retained earnings].

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within net interest (expense)/income. All other foreign exchange gains and losses are presented in the profit and loss account within Administrative expenses.

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.

Contracts and 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.

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. The company received grants in relation to the Coronavirus Job Retention Scheme which is accounted for as a revenue grant. £68,000 (2019: £nil) has been credited to the profit and loss account in relation to this grant. The carrying value in accrued income at the year end was £nil (2019: £nil).

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.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

3 Summary of significant accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities of other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets 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:

- Plant and machinery 20%-33%%
- Fixtures, fittings and equipment 33%

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.

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.

Leased assets

Lease contracts are classified as either finance leases or operating leases.

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 profit and loss account on a straight line basis over the period of the lease.

Lease incentives

Incentives to enter into a finance lease reduce the fair value of the asset and are included in the calculation of the present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight line basis over the period of the lease.

Vee Bee Filtration UK Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

The Company took advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to first review date on which the rent is adjusted to market rates.

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.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

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.

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.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

3 Summary of significant accounting policies (continued)

Financial instruments

The Company has adopted Sections 11 and 12 of FRS102 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 of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained 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.

4 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. There were no critical accounting judgements made in the preparation of these financial statements

Vee Bee Filtration UK Limited**Notes to the financial statements
for the year ended 31 December 2020 (continued)****5 Turnover**

Analysis of turnover by geography:

	2020 £000	2019 £000
Europe	832	728
North America	1,566	2,637
Middle East	792	1,330
Asia Pacific	1,104	635
Rest of world	13	76
Total exports	4,307	5,406
United Kingdom	673	956
	4,980	6,362

All turnover (2019: all turnover) is generated from the sale of goods.

6 Operation loss

Operating loss is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation	133	144
Operating lease charges	125	32
Foreign exchange gains	(5)	(203)
Research and development expenditure	42	145
Audit fees payable to the Company's auditor – auditing of the financial statements	11	20

Vee Bee Filtration UK Limited

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

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

	2020 £000	2019 £000
Wages and salaries	1,440	1,576
Social security costs	130	147
Other pension costs	103	110
Staff costs	1,673	1,833

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

	2020 No.	2019 No.
By activity		
Production	23	28
Selling and Administration	11	14
	34	42

(b) Directors

The directors' emoluments were as follows:

	2020 £000	2019 £000
Aggregate emoluments	101	157
Company contributions to money purchase pension schemes	42	46

Post-employment benefits are accruing to 1 director (2019: 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. For the other two directors, no remuneration was paid or is payable by the company (2019 – none). The Directors are employed by other companies in the group and consider their duties to this company to be incidental to their other activities within the group. As a result, no qualifying services have been performed.

8 Other Income

	2020 £000	2019 £000
Government grants received	68	-

Vee Bee Filtration UK Limited

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

9 Net interest expense/income

Interest receivable and similar income	2020 £000	2019 £000
Bank Interest receivable	1	7
Total interest receivable and similar income	1	7

10 Tax on loss

(a) Tax income included in profit or loss

	2020 £000	2019 £000
Current tax:		
UK Corporation tax on losses for the year	(169)	-
Total current tax	(169)	-
Deferred tax:		
Origination and reversal of timing differences	(10)	1
Adjustment in respect of prior periods	14	5
Total deferred tax	4	6
Tax on loss	(165)	6

Vee Bee Filtration UK Limited

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

10 Tax on loss (continued)

(b) Reconciliation of tax credit

Tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Loss before tax	(962)	(593)
Loss multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	(183)	(113)
Income not subject to tax		
Expenses not deductible for tax purposes	4	8
Utilisation of tax losses	-	106
Adjustments to tax charge in respect of prior periods	14	5
Tax credit for the year	(165)	6

(c) Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These included a reduction to the main rate to 17% from 1 April 2020, however this reduction in rate was reversed in the 2020 budget and remains at 19%. Deferred taxes at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements. Further changes to the UK corporation tax system were announced in the Budget on 3 March 2021. These include an increase in the main rate of corporation tax to 25% with effect from 1 April 2023. As the change to 25% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

Vee Bee Filtration UK Limited

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

11 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 January 2020	311	682	419	1,412
Additions	-	-	49	49
Disposals	-	-	-	-
At 31 December 2020	311	682	468	1,461
Accumulated depreciation and impairment				
At 1 January 2020	30	466	373	869
Depreciation	28	70	35	133
Disposals	-	-	-	-
At 31 December 2020	58	536	408	1,002
Net book amount at 31 December 2020	253	146	60	459
Net book amount at 31 December 2019	281	216	46	543

There were no assets held under finance leases either this or last year.

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

12 Stocks

	2020 £000	2019 £000
Raw materials	587	1,015
Work in progress	71	884
Finished goods and goods for resale	396	112
	1,054	2,011

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

Stocks are stated after provisions for impairment of £160,000 (2019: £142,000).

Vee Bee Filtration UK Limited**Notes to the financial statements
for the year ended 31 December 2020 (continued)****13 Debtors**

	2020	2019
	£000	£000
Trade debtors	1,213	1,275
Amounts owed by group undertakings	2,891	2,649
Corporation tax	169	-
Deferred tax asset (note 15)	9	13
Other debtors	17	61
Prepayments and accrued income	340	530
	4,639	4,528

The Company operates its bank accounts within a group cash pool facility operated by a fellow subsidiary. The 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.

Amounts owed by group undertakings also include trade balances.

14 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	249	1,382
Amounts owed to group undertakings	2,681	2,345
Derivative financial instruments (note 16)	-	34
Other creditors	38	39
Accruals and deferred income	378	882
	3,346	4,682

No security has been given in relation to any creditors.

Vee Bee Filtration UK Limited**Notes to the financial statements
for the year ended 31 December 2020 (continued)****15 Deferred tax**

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

	2020 £000	2019 £000
Accelerated capital allowances	(8)	(5)
Other timing differences	(1)	(8)
Total deferred tax asset	(9)	(13)

The net deferred tax liability/asset expected to reverse in 2020 is £nil. This is primarily due to the reversal of timing differences on tangible fixed assets and other timing differences. The timing differences have no expiry dates.

There are no unused tax losses or unused tax credits.

16 Derivative financial instruments

The Company has forward foreign exchange contracts included at fair value in the financial statements as follows:

	2020 £000	2019 £000
At 1 January	34	-
Changes in value dealt with in the profit and loss account	(34)	34
At 31 December	-	34

At 31 December 2020 the Company had no commitments to sell (2019: \$484,541) or buy (2019: £nil) under forward foreign exchange contracts.

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

	No.	£000
Allotted and fully paid ordinary shares of £1 each		
At 1 January 2020 and at 31 December 2020	100	-

There were no changes to share capital during the year.

Vee Bee Filtration UK Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

18 Financial commitments

At 31 December 2020 and 2019 the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020 £000	2019 £000
Payments due:		
Not later than one year	125	122
Later than one year and not later than five years	458	336
Later than five years	416	-
	999	458

19 Related party transactions

The Company has taken advantage of the exemption contained within FRS102 and not disclosed transactions or balances with companies that are fellow wholly owned subsidiaries of Trelleborg AB (publ).

20 Controlling parties

The immediate parent undertaking is Vee Bee 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.

21 Commitments and guarantees

As at 31 December 2020, the Company had entered into letters of credit totalling US\$590,000 (2019: £743,000); and the company's bank was holding guarantees and indemnities totalling US\$196,000, £193,000 and €27,000 (2019: US\$1,367,000; £243,000; and €15,000).