

Company registration number 02871295 (England and Wales)

ECO FILTERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

ECO FILTERS LIMITED

COMPANY INFORMATION

Directors	Mr R I Colclough Mr P F McGowan Mrs L McGowan Mrs D A McGowan Mr E B Hine	(Appointed 15 December 2021)
Secretary	Ms L Lees	
Company number	02871295	
Registered office	33a St Peters Street Radford Nottingham NG7 3EN	
Auditor	HSKS Greenhalgh 3rd Floor Butt Dyke House 33 Park Row Nottingham NG1 6EE	
Business address	33a St Peters Street Radford Nottingham NG7 3EN	

ECO FILTERS LIMITED

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ECO FILTERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Fair review of the business

The year 2021 has shown a pleasing return to normal levels of business with a 30% increase in turnover and a 44% increase in profit before tax in our UK parent company.

Business in our Dubai subsidiary had been very quiet but in 2021 showed a small recovery resulting in a 3% increase in turnover and a 10% increase in profit before tax.

Overall, the group achieved an increase in turnover of 23.3% and an increase in profit before tax of 37.3% in 2021.

Trading in 2022 started well but the economic situation is uncertain and we must pursue new markets to ensure we maintain our current position.

Principal risks and uncertainties

Inflation is giving concern, particularly rising prices for heating and power. We will closely monitor all costs and review our sales prices if it becomes necessary.

Development and performance

There are current prospects of taking back the Deakins Place factory in 2024 and this will offer opportunities to expand our capacity for either perforating or injection moulding in the UK. In the meantime, an increase in rental income is expected.

The Dubai subsidiary is planning to increase factory space by installing a mezzanine floor to better operate the manufacturing space.

The prospect of losing our supplier of yarn warping services has resulted in us buying Allton Warping Limited in July 2022, thus ensuring continuity of this vital service.

Key performance indicators

The group gross profit percentage has increased by 2.7%, to 61.1% and the net profit percentage (before tax) has increased by 3.2%, to 32.2%.

Increases in turnover and profit have been good and it is pleasing to bounce back to the strengths we had before the Covid epidemic.

Business in Dubai continues to show improvement, but we must temper this with some concern about the economic situation in the UK, where the first half year in 2022 showed pleasing growth but the influence of the war in Ukraine on the European economy has begun to show in lower sales in the second half.

We have reduced our business risk by having taken in house most processes previously contracted out and with the growth in the Dubai business we are well placed to weather the current uncertainties in the UK.

On behalf of the board

Mr P F McGowan

Director

19 December 2022

ECO FILTERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activity of the company and group continued to be that of preparation and spinning of textile fibres and other specialised construction activities not elsewhere classified.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R I Colclough
Mr P F McGowan
Mrs L McGowan
Mrs D A McGowan
Mr I R Chisholm
Mr E B Hine

(Resigned 3 March 2021)
(Appointed 15 December 2021)

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr P F McGowan
Director

19 December 2022

ECO FILTERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial 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). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ECO FILTERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECO FILTERS LIMITED

Qualified opinion on financial statements

We have audited the financial statements of Eco Filters Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows 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 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, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit 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 qualified opinion

The consolidated financial statements include the results, assets and liabilities of a subsidiary company, and we were unable to obtain sufficient appropriate audit evidence relating to the audit work undertaken by the auditor of the subsidiary company for the year ended 31 December 2021. However, the auditor's report of the subsidiary company confirmed that the financial statements gave a true and fair view of the financial position of the subsidiary as at 31 December 2021 and of its financial performance and its cash flow for the year ended 31 December 2021. Included in the consolidated position as at 31 December 2021 is net profit for the year after taxation of £212,580 and net assets of £1,575,030 relating to this subsidiary.

In addition, were any adjustments arising from the above to be required, the group strategic report would also need to be amended.

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 group and parent 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 qualified 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 group's and parent 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.

ECO FILTERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ECO FILTERS LIMITED

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

Except for the possible effects of the matters described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our audit:

- the information given in the group 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 group 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

Except for the matters described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely from the limitation in the scope of our work relating to results, assets and liabilities of a subsidiary in the consolidated financial statements, referred to above;

- we have not received all the information and explanations we require for our audit.

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

Responsibilities of directors

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

ECO FILTERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ECO FILTERS LIMITED

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the group's business and its control environment. We also enquired of management about their identification and assessment of the risks of irregularities.

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

- Had a direct effect on the determination of material amounts and disclosures in the financial statements, which included the Companies Act 2006, tax legislation and payroll legislation; and
- Did not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate.

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

In common with all audits under ISA's (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of accounting adjustments and journal entries, assessed whether accounting estimates were reasonable and accurate and reviewed the accounting records for any significant and unusual transactions.

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

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provision of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected variances that may indicate risks of material misstatement due to fraud; and
- Enquiring of management about any instances of non-compliance with laws and regulations and any instances of known or suspected fraud.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matter

We were not appointed as auditor of the group until after 31 December 2019 and thus did not observe the counting of the physical stock of the parent company at the end of that year. We were unable to satisfy ourselves by alternative means concerning the stock quantities held at 31 December 2019, totalling £399,427, by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary. Our audit opinion on the financial statements for the year ended 31 December 2020 was modified accordingly. Our opinion on the current period's financial statements is not modified in this regard.

ECO FILTERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ECO FILTERS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Handley FCA (Senior Statutory Auditor)
For and on behalf of HSKS Greenhalgh

19 December 2022

Chartered Accountants
Statutory Auditor

3rd Floor
Butt Dyke House
33 Park Row
Nottingham
NG1 6EE

ECO FILTERS LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	5,464,809	4,431,132
Cost of sales		(2,128,021)	(1,843,337)
Gross profit		<u>3,336,788</u>	<u>2,587,795</u>
Administrative expenses		(1,620,655)	(1,455,211)
Other operating income		41,504	144,557
Operating profit	4	<u>1,757,637</u>	<u>1,277,141</u>
Interest receivable and similar income	8	3,421	6,347
Interest payable and similar expenses	9	-	(439)
Profit before taxation		<u>1,761,058</u>	<u>1,283,049</u>
Tax on profit	10	(313,398)	(165,221)
Profit for the financial year	24	<u><u>1,447,660</u></u>	<u><u>1,117,828</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

ECO FILTERS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Profit for the year	1,447,660	1,117,828
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,447,660</u>	<u>1,117,828</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

ECO FILTERS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12	1,823,293		1,761,068	
Investment properties	13	1,049,794		1,049,794	
		<u>2,873,087</u>		<u>2,810,862</u>	
Current assets					
Stocks	16	731,249		574,395	
Debtors	17	1,421,929		1,396,430	
Cash at bank and in hand		2,329,307		2,473,194	
		<u>4,482,485</u>		<u>4,444,019</u>	
Creditors: amounts falling due within one year	18	<u>(880,048)</u>		<u>(585,667)</u>	
Net current assets			3,602,437		3,858,352
Total assets less current liabilities			<u>6,475,524</u>		<u>6,669,214</u>
Provisions for liabilities					
Provisions	19	151,411		128,619	
Deferred tax liability	20	49,498		45,340	
		<u>(200,909)</u>		<u>(173,959)</u>	
Net assets			<u>6,274,615</u>		<u>6,495,255</u>
Capital and reserves					
Called up share capital	22	1,166		1,500	
Capital redemption reserve	23	584		250	
Profit and loss reserves	24	6,272,865		6,493,505	
Total equity			<u>6,274,615</u>		<u>6,495,255</u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2022 and are signed on its behalf by:

Mr P F McGowan
Director

ECO FILTERS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12	1,699,912		1,708,000	
Investment properties	13	1,049,794		1,049,794	
Investments	14	54,332		54,332	
		<u>2,804,038</u>		<u>2,812,126</u>	
Current assets					
Stocks	16	538,284		423,932	
Debtors	17	986,087		954,035	
Cash at bank and in hand		1,225,092		1,548,335	
		<u>2,749,463</u>		<u>2,926,302</u>	
Creditors: amounts falling due within one year	18	<u>(804,418)</u>		<u>(560,281)</u>	
Net current assets		<u>1,945,045</u>		<u>2,366,021</u>	
Total assets less current liabilities		<u>4,749,083</u>		<u>5,178,147</u>	
Provisions for liabilities					
Deferred tax liability	20	49,498		45,340	
		<u>(49,498)</u>		<u>(45,340)</u>	
Net assets		<u>4,699,585</u>		<u>5,132,807</u>	
Capital and reserves					
Called up share capital	22	1,166		1,500	
Capital redemption reserve	23	584		250	
Profit and loss reserves	24	4,697,835		5,131,057	
Total equity		<u>4,699,585</u>		<u>5,132,807</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,235,078 (2020 - £905,181 profit).

The financial statements were approved by the board of directors and authorised for issue on 19 December 2022 and are signed on its behalf by:

Mr P F McGowan
Director

Company Registration No. 02871295

ECO FILTERS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2020		1,500	250	5,975,677	5,977,427
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	1,117,828	1,117,828
Dividends	11	-	-	(600,000)	(600,000)
Balance at 31 December 2020		1,500	250	6,493,505	6,495,255
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,447,660	1,447,660
Own shares acquired		-	-	(1,668,300)	(1,668,300)
Redemption of shares	22	(334)	334	-	-
Balance at 31 December 2021		1,166	584	6,272,865	6,274,615

ECO FILTERS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2020		1,500	250	4,825,876	4,827,626
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	905,181	905,181
Dividends	11	-	-	(600,000)	(600,000)
Balance at 31 December 2020		1,500	250	5,131,057	5,132,807
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,235,078	1,235,078
Own shares acquired		-	-	(1,668,300)	(1,668,300)
Redemption of shares	22	(334)	334	-	-
Balance at 31 December 2021		1,166	584	4,697,835	4,699,585

ECO FILTERS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	28	1,924,275		1,521,244	
Interest paid		-		(439)	
Income taxes paid		(210,846)		(165,287)	
Net cash inflow from operating activities		<u>1,713,429</u>		<u>1,355,518</u>	
Investing activities					
Purchase of tangible fixed assets		(209,639)		(38,677)	
Proceeds from disposal of tangible fixed assets		17,202		10,155	
Purchase of investment property		-		(1,049,794)	
Interest received		3,421		6,347	
Net cash used in investing activities		<u>(189,016)</u>		<u>(1,071,969)</u>	
Financing activities					
Purchase of treasury shares		(1,668,300)		-	
Dividends paid to equity shareholders		-		(600,000)	
Net cash used in financing activities		<u>(1,668,300)</u>		<u>(600,000)</u>	
Net decrease in cash and cash equivalents		<u>(143,887)</u>		<u>(316,451)</u>	
Cash and cash equivalents at beginning of year		<u>2,473,194</u>		<u>2,789,645</u>	
Cash and cash equivalents at end of year		<u><u>2,329,307</u></u>		<u><u>2,473,194</u></u>	

ECO FILTERS LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	29	1,667,771		1,299,225	
Interest paid		-		(439)	
Income taxes paid		(210,846)		(165,287)	
Net cash inflow from operating activities		<u>1,456,925</u>		<u>1,133,499</u>	
Investing activities					
Purchase of tangible fixed assets		(112,065)		(7,105)	
Purchase of investment property		-		(1,049,794)	
Interest received		197		3,319	
Net cash used in investing activities		<u>(111,868)</u>		<u>(1,053,580)</u>	
Financing activities					
Purchase of treasury shares		(1,668,300)		-	
Dividends paid to equity shareholders		-		(600,000)	
Net cash used in financing activities		<u>(1,668,300)</u>		<u>(600,000)</u>	
Net decrease in cash and cash equivalents		<u>(323,243)</u>		<u>(520,081)</u>	
Cash and cash equivalents at beginning of year		1,548,335		2,068,416	
Cash and cash equivalents at end of year		<u><u>1,225,092</u></u>		<u><u>1,548,335</u></u>	

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Eco Filters Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 33a St Peters Street, Radford, Nottingham, NG7 3EN.

The group consists of Eco Filters Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Eco Filters Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Investments in joint ventures and associates are carried in the group statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

During the year under review, the COVID-19 pandemic has continued to be a significant risk to the global economy. The directors continue to monitor the impact on the business on an ongoing basis.

At the time of approving these financial statements, the directors do not consider COVID-19 to impact the company's ability to continue as a going concern and considers the balance sheet to be appropriately valued. The directors note this is a non-adjusting post balance sheet event.

1.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	2% straight line
Leasehold property	2% straight line on land & building over period of lease
Plant and machinery	15% straight line
Fixtures, fittings and equipment	25% straight line
Computers	25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and 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. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. 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 years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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 reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.19 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.20 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.21 Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	4,256,505	2,957,326
Rest of the world	1,208,304	1,473,806
	<u>5,464,809</u>	<u>4,431,132</u>
	2021 £	2020 £
Other revenue		
Interest income	3,421	6,347
Grants received	-	101,766
	<u>-</u>	<u>101,766</u>

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	39,196	37,370
Research and development costs	6,602	6,575
Government grants	-	(101,766)
Depreciation of owned tangible fixed assets	142,124	147,844
Profit on disposal of tangible fixed assets	(11,912)	(7,764)
Operating lease charges	88,001	95,031
	<u>272,101</u>	<u>287,290</u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5,500	7,500
	<u>5,500</u>	<u>7,500</u>

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Directors	5	5	4	4
Factory and administration staff	52	53	37	40
Total	57	58	41	44

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	1,585,942	1,411,789	1,438,051	1,274,870
Social security costs	122,043	105,253	122,043	105,253
Pension costs	64,453	67,015	64,453	67,015
	1,772,438	1,584,057	1,624,547	1,447,138

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	251,505	217,298
Company pension contributions to defined contribution schemes	29,066	24,432
	280,571	241,730

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	196,322	319,394
Company pension contributions to defined contribution schemes	28,694	24,119

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	3,421	6,347
	<u>3,421</u>	<u>6,347</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	3,421	6,347
	<u>3,421</u>	<u>6,347</u>

9 Interest payable and similar expenses

	2021	2020
	£	£
Other finance costs:		
Other interest	-	439
	<u>-</u>	<u>439</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	292,815	170,981
Adjustments in respect of prior periods	16,425	2,208
	<u>309,240</u>	<u>173,189</u>
Deferred tax		
Origination and reversal of timing differences	4,158	(7,968)
	<u>4,158</u>	<u>(7,968)</u>
Total tax charge	<u>313,398</u>	<u>165,221</u>

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	1,761,058	1,283,049
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	334,601	243,779
Tax effect of expenses that are not deductible in determining taxable profit	1,186	822
Adjustments in respect of prior years	16,425	2,208
Permanent capital allowances in excess of depreciation	-	18,081
Research and development tax credit	-	(44,683)
Patent profit taxed at lower rate	-	(6,615)
Deferred tax	4,158	(7,968)
Other adjustments	(42,972)	(40,403)
Taxation charge	313,398	165,221

11 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Interim paid	-	600,000

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

Group	Freehold property	Leasehold property	Plant and fixtures, machinery and equipment	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2021	1,223,610	493,424	1,358,924	20,012	87,440	3,557,667
Additions	-	-	177,471	1,932	4,299	209,639
Disposals	-	-	(54,629)	(3,568)	(33,931)	(92,128)
At 31 December 2021	1,223,610	493,424	1,781,766	20,743	79,446	3,675,178
Depreciation and impairment						
At 1 January 2021	179,558	189,287	1,285,916	17,358	58,006	1,796,599
Depreciation charged in the year	10,659	9,868	101,514	1,384	15,963	142,124
Eliminated in respect of disposals	-	-	(54,629)	(436)	(31,773)	(86,838)
At 31 December 2021	190,217	199,155	1,332,801	18,306	42,196	1,851,885
Carrying amount						
At 31 December 2021	1,033,393	294,269	448,965	6,979	37,250	1,823,293
At 31 December 2020	1,044,052	304,137	373,008	7,783	29,434	1,761,068

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Freehold property	Leasehold property	Plant and fixtures, fittings machinery and equipment	Total
	£	£	£	£
Cost				
At 1 January 2021	1,223,610	493,424	1,510,121	3,287,969
Additions	-	-	110,133	112,065
At 31 December 2021	1,223,610	493,424	1,620,254	3,400,034
Depreciation and impairment				
At 1 January 2021	179,558	189,287	1,158,056	1,579,969
Depreciation charged in the year	10,659	9,868	96,934	120,153
At 31 December 2021	190,217	199,155	1,254,990	1,700,122
Carrying amount				
At 31 December 2021	1,033,393	294,269	365,264	1,699,912
At 31 December 2020	1,044,052	304,137	352,065	1,708,000
13 Investment property				
			Group 2021	Company 2021
			£	£
Fair value				
At 1 January 2021 and 31 December 2021			1,049,794	1,049,794
14 Fixed asset investments				
	Notes	Group 2021	2020	Company 2021
		£	£	£
Investments in subsidiaries	15	-	-	54,332
Movements in fixed asset investments				
Company				Shares in subsidiaries
				£
Cost or valuation				
At 1 January 2021 and 31 December 2021				54,332
Carrying amount				
At 31 December 2021				54,332
At 31 December 2020				54,332

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Eco Filters FZCO	Post Pox 262319, Warehouse FZSI BE-04, Jabel Ali, South Zone 1, Dubai, United Arab Emirates	Ordinary shares	100.00

16 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	575,300	449,291	382,335	298,828
Work in progress	121,677	104,935	121,677	104,935
Finished goods and goods for resale	34,272	20,169	34,272	20,169
	<u>731,249</u>	<u>574,395</u>	<u>538,284</u>	<u>423,932</u>

17 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	1,354,083	1,312,586	944,079	909,331
Other debtors	26,065	37,305	15,582	13,582
Prepayments and accrued income	41,781	46,539	26,426	31,122
	<u>1,421,929</u>	<u>1,396,430</u>	<u>986,087</u>	<u>954,035</u>

18 Creditors: amounts falling due within one year

	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade creditors	359,340	198,660	311,062	198,537
Corporation tax payable	202,815	104,421	202,815	104,421
Other taxation and social security	139,454	158,107	139,454	158,107
Other creditors	6,370	13,504	6,370	13,502
Accruals and deferred income	172,069	110,975	144,717	85,714
	<u>880,048</u>	<u>585,667</u>	<u>804,418</u>	<u>560,281</u>

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Provisions for liabilities

	Group 2021 £	2020 £	Company 2021 £	2020 £
Provision for employees' end of service benefits	151,411	128,619	-	-

Movements on provisions:

	Provision for employees' end of service benefits £
Group	
At 1 January 2021	128,619
Additional provisions in the year	24,768
Utilisation of provision	(1,976)
At 31 December 2021	151,411

Eco Filters FZCO operates an end of service benefits scheme in accordance with the requirements of the UAE Labour Laws. This is an unfunded defined benefits retirement plan. Employees are entitled to benefits based on the length of service and final remuneration. Accrued employees' terminal benefits are payable on termination of employment.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	49,498	45,340
	<u>49,498</u>	<u>45,340</u>
	Liabilities 2021 £	Liabilities 2020 £
Company		
Accelerated capital allowances	49,498	45,340
	<u>49,498</u>	<u>45,340</u>

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Deferred taxation (Continued)

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 January 2021	45,340	45,340
Charge to profit or loss	4,158	4,158
Liability at 31 December 2021	49,498	49,498

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	64,453	67,015

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

Group and company	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
A Ordinary of £1 each	583	750	583	750
B Ordinary of £1 each	583	750	583	750
	1,166	1,500	1,166	1,500

23 Capital redemption reserve

	Group 2021 £	2020 £	Company 2021 £	2020 £
At the beginning of the year	250	250	250	250
Transfers	334	-	334	-
At the end of the year	584	250	584	250

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Profit and loss reserves

	Group 2021 £	2020 £	Company 2021 £	2020 £
At the beginning of the year	6,493,505	5,975,677	5,131,057	4,825,876
Profit for the year	1,447,660	1,117,828	1,235,078	905,181
Dividends	-	(600,000)	-	(600,000)
Own shares acquired	(1,668,300)	-	(1,668,300)	-
At the end of the year	6,272,865	6,493,505	4,697,835	5,131,057

25 Financial commitments, guarantees and contingent liabilities

The company is committed to purchasing 166 Deferred B shares registered in the joint names of I R Chisholm and M.W. Trustees Limited for £830,000 by 31 March 2023.

26 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	14,091	10,300	14,091	10,300
Between two and five years	14,876	13,559	14,876	13,559
In over five years	27,800	28,495	27,800	28,495
	56,767	52,354	56,767	52,354

27 Events after the reporting date

After the year end, Eco Filters Limited acquired 100% of the share capital in Allton Warping Limited

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

28 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	1,447,660	1,117,828
Adjustments for:		
Taxation charged	313,398	165,221
Finance costs	-	439
Investment income	(3,421)	(6,347)
Gain on disposal of tangible fixed assets	(11,912)	(7,764)
Depreciation and impairment of tangible fixed assets	142,124	147,844
Increase in provisions	22,792	128,619
Movements in working capital:		
Increase in stocks	(156,854)	(37,234)
(Increase)/decrease in debtors	(25,499)	24,189
Increase/(decrease) in creditors	195,987	(11,551)
Cash generated from operations	1,924,275	1,521,244

29 Cash generated from operations - company

	2021 £	2020 £
Profit for the year after tax	1,235,078	905,181
Adjustments for:		
Taxation charged	313,398	165,221
Finance costs	-	439
Investment income	(197)	(3,319)
Depreciation and impairment of tangible fixed assets	120,153	116,262
Movements in working capital:		
Increase in stocks	(114,352)	(24,505)
(Increase)/decrease in debtors	(32,052)	32,975
Increase in creditors	145,743	106,971
Cash generated from operations	1,667,771	1,299,225

30 Analysis of changes in net funds - group

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	2,473,194	(143,887)	2,329,307

ECO FILTERS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

31 Analysis of changes in net funds - company

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	1,548,335	(323,243)	1,225,092
	<u> </u>	<u> </u>	<u> </u>

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