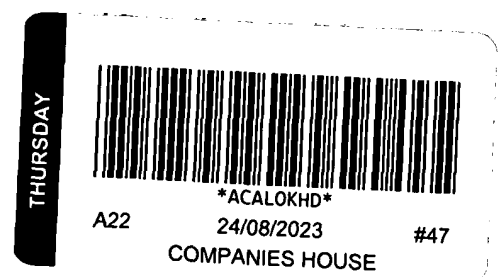




Trelleborg Retford Limited  
Annual report and financial statements  
for the year ended 31 December 2022

Registered number: 04226233



**Trelleborg Retford Limited**

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

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## **Trelleborg Retford Limited**

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

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

#### **Principal activities**

The principal activity of the Company during the year was the manufacture of high performance, polyurethane elastomer mouldings for a variety of demanding applications, particularly within the rail, construction, offshore oil and gas, seismic and industrial sectors.

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

Company turnover showed an increase of 24.7% on the previous year to £14,011,000 (2021: £11,230,000), this was due to significant growth across all sectors of the business. Gross profit margin increased to 28% (2021: 19%), through increased production efficiencies and greater focus on high end, high margin product sales. The business is in a good position to continue growth throughout 2023 and beyond, with significant contracts forecast for the Defence sector to begin in H2 2023. Going into 2023 the business has a record order book of £28m, with orders split across all product areas. The directors of the company have considered their responsibilities under Section 172(1) of the Companies Act 2006 in their review of the business, however further information on how the directors act in accordance with their responsibilities is stated below.

#### **Section 172(1) statement**

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

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

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

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

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

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

## Trelleborg Retford Limited

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

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

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

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

Trelleborg maintains employee engagement by providing employees with information on matters of concern. This is communicated both on a Company and local level via an Intranet and regular employee briefings on a site level. All Trelleborg employees are invited to participate in an annual employee engagement survey, the results of which are reviewed by the directors together with the subsequent actions the Company takes to reinforce the Company's values and ensure there is the right culture to meet the strategic needs of the business.

The Trelleborg group is characterised by far reaching delegation of responsibilities and powers which encourages rapid decisions and adjustment to new conditions and the opportunity to drive and implement the Group's strategy. The Group's operating activities are pursued through independent operational units with responsibility for profit, balance sheet and cash flows. Local managers and their co-workers make the commercial decisions, ensuring that these are handled correctly and with a balanced approach to risk-taking. As part of their induction directors are provided with information on their duties.

Trelleborg has a culture that promotes commitment, responsibility, good ethics in business relationships and positive interaction with the community in which the Group conducts operations. Business decisions are made as close to the customer as possible, which creates competitive flexibility and market and customer knowledge.

The Company is a wholly owned subsidiary of the ultimate parent company Trelleborg AB (Publ). As such engagement with members is driven by the wider corporate structure. Corporate governance at Trelleborg also entails that there is to be a clear structure with clear rules and processes that ensure that the focus of the management and employees is set on developing the business so that it generates value for the shareholders.

Some examples of the most important decisions made by the directors during the reporting period which were carried out with consideration to the Company's stakeholders were as follows:

- While the risks presented by COVID-19 have lessened due to the nationwide vaccination campaign, the business has continued with enhanced health and safety measures, including the addition of anti microbial handles to all doors, increased distances between employee work stations and the free of charge provision of anti bacterial products, face masks and COVID-19 lateral flow tests to all employees
- The business has made significant capital expenditure within in the year on plant and machinery in order to modernise and automate production processes where possible. This brings several benefits to the business and its employees by not only increasing output and reducing production errors/waste, and therefore increasing profitability, but also reducing health and safety risks to employees by employing more modern, hands off techniques
- Trelleborg Group have placed a large focus on sustainability in recent years, and this is something the directors at Trelleborg Retford Ltd are also keen to keep at the forefront of business policy. The business already sources all of its electricity from renewable sources, and is

## **Trelleborg Retford Limited**

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

striving to move away from the use of natural gas with a combination of new equipment purchases and the redesign of current production processes. The business is also encouraging its employees to consider their own carbon footprint, and to facilitate this by offering incentives for company car users to switch greener electric and hybrid vehicles.

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

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

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to the modest percentage of key project work which is publicly funded and hence potentially subject to uncertainty or political volatility due to economic pressure on central funds. In addition, variable geographical demands for local manufacturing content remains a challenge for projects in the global market, however, the directors believe the Company remains well positioned to face this issue over the coming twelve months and our focused diversity remains one of our main strengths.

In terms of competition risk from countries with lower labour costs and less legislative control relative to health, safety and the environment, the directors continue to believe that the quality of our products, our responsiveness and overall customer service will help reduce these risks and that the prospects for the Company remain favourable.

Ongoing material supply issues continue to impact the Company. In order to mitigate these issues, the Company has qualified multiple suppliers for each key component and, going forward, is increasing its raw material inventory in line with sales demand to ensure sales obligations are fulfilled.

#### **Financial risk management**

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

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

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

The effects of credit risk are controlled as the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed by the Board. The Board receives regular reports on amounts due and amounts significantly overdue and the relevant action taken.

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

**Trelleborg Retford Limited**

**Directors' report  
for the year ended 31 December 2022**

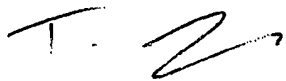
**Key performance indicators ("KPIs")**

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

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

	2022	2021	Definition, method of calculation and analysis
Growth/(reduction) in turnover (%)	24.7%	(17)%	Year on year turnover movement expressed as a percentage.
Return on turnover (%)	12.4%	(0.16)%	Return on turnover is the ratio of profit on ordinary activities before interest and taxation to turnover expressed as a percentage.
Return on capital employed (%)	12.1%	(0.13)%	Return on capital employed is the ratio of profit on ordinary activities before interest and taxation to assets less liabilities, excluding cash and the group cash pool facility, expressed as a percentage.

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



Terry Cooper  
Director

17<sup>th</sup> March 23

## **Trelleborg Retford Limited**

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

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

#### **Future developments**

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

#### **Dividends**

The directors do not recommend the payment of a dividend (2021: £nil)

#### **Financial risk management**

Financial risk management is described in the Strategic Report on page 1.

#### **Directors**

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

Terry Cooper  
Zoe MacGregor  
Corey Teahan

#### **Directors' indemnities**

The Company maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

#### **Going concern**

After reviewing the Company's forecasts and projections and the consideration of the availability of the cash pooling as disclosed in note 15, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **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.

**Trelleborg Retford Limited**

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

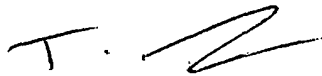
In the case of each of the persons who are directors at the time when this report is approved under section 418 of the Companies Act 2006 the following applies:

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



Terry Cooper  
Director

17<sup>th</sup> March 23

Registered number: 04226233

Trelleborg  
International Drive  
Tewkesbury  
Gloucestershire  
GL20 8UQ

## Independent auditor's report to the members of Trelleborg Retford Limited

### Opinion

We have audited the financial statements of Trelleborg Retford Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of income and retained earnings, Balance sheet, 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 2022 and of its 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 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

## **Independent auditor's report to the members of Trelleborg Retford Limited**

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.

### **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 pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

## Independent auditor's report to the members of Trelleborg Retford Limited

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

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

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

We obtained an understanding of the legal and regulatory framework that the company operates in and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including the UK Companies Act and tax legislation, and, those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

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

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

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

## Independent auditor's report to the members of Trelleborg Retford Limited

### 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

17/03/2023

**Trelleborg Retford Limited**

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

	Note	2022 £000	2021 £000
<b>Turnover</b>	5	14,011	11,230
Cost of sales		(10,134)	(9,060)
<b>Gross profit</b>		3,877	2,170
Distribution costs		(446)	(282)
Administrative expenses		(2,072)	(2,037)
Other operating Income	7	380	131
<b>Profit/(loss) before interest and taxation</b>		1,739	(18)
Interest payable and similar charges	9	(85)	(4)
<b>Profit/(loss) before taxation</b>		1,654	(22)
Tax on profit/(loss)	10	(319)	(105)
<b>Profit/(loss) for the financial year attributable to the equity shareholder of the Company</b>		1,335	(127)
Retained earnings at 1 January		10,481	10,608
<b>Retained earnings at 31 December</b>		11,816	10,481

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 or statement of changes in equity is presented.

The notes on pages 13 to 30 are an integral part of these financial statements.

**Trelleborg Retford Limited**

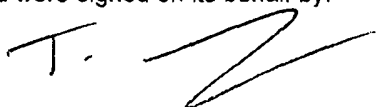
**Balance sheet at 31 December 2022**

	Note	2022 £000	2022 £000	2021 £000	2021 £000
<b>Fixed assets</b>					
Intangible assets	11		468		824
Tangible assets	12		9,127		8,583
			<b>9,595</b>		<b>9,407</b>
<b>Current assets</b>					
Stocks	13	3,535		1,935	
Debtors	14	4,443		3,285	
		<b>7,978</b>		<b>5,220</b>	
Creditors: amounts falling due within one year	15	(4,536)		(2,934)	
<b>Net current assets</b>			<b>3,442</b>		<b>2,286</b>
<b>Total assets less current liabilities</b>			<b>13,037</b>		<b>11,693</b>
Provisions for deferred tax	17		(806)		(345)
Provisions for liabilities	16		(255)		(707)
<b>Net assets</b>			<b>11,976</b>		<b>10,641</b>
<b>Capital and reserves</b>					
Called up share capital	18		9		9
Share premium account	18		138		138
Other reserves	18		13		13
Profit and loss account			11,816		10,481
<b>Shareholder's funds</b>			<b>11,976</b>		<b>10,641</b>

The notes on pages 13 to 30 are an integral part of these financial statements.

The financial statements on pages 11 to 30 were authorised for issue by the board of directors on 17<sup>th</sup> March 2023 and were signed on its behalf by:

Terry Cooper  
Director



Registered no. 04226233

## Trelleborg Retford Limited

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

#### 1 General Information

Trelleborg Retford Limited ("the Company") is a manufacturer of high performance, polyurethane elastomer mouldings for a variety of demanding applications, particularly within the rail, construction, offshore oil and gas, seismic and industrial sectors.

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 Trinity Park, Randall Way, Retford, DN22 7AX

#### 2 Statement of compliance

The financial statements of Trelleborg Retford 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

After reviewing the Company's forecasts and projections and the consideration of the availability of the cash pooling as disclosed in note 15, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

##### 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.

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

**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 statement of income and retained earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and retained earnings within net interest (expense)/income. All other foreign exchange gains and losses are presented in the statement of income and retained earnings 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 asset received or receivable. Grants relating to revenue are recognised in income in the period over which the income is receivable.

The company received a grant which has been recognised based on the performance model, with income measured at the fair value of the amount receivable. Grant income is recognised as the performance obligations are met.

**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.

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

*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.

**Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of income and retained earnings, 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.

**Goodwill**

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

Goodwill is amortised over its expected useful life. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the statement of income and retained earnings within Administrative expenses. Reversals of impairment are recognised when the reasons for the impairment no longer apply. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual 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.

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

**Intangible assets**

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

- Software 6 Years
- Goodwill 5%

Assigned intellectual property is amortised in line with amounts due in respect of deferred consideration payable.

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

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

**Research and development costs**

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

**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:

- Freehold buildings 50 years
- Plant and machinery 10 Years
- Motor vehicles 4 Years
- Fixtures and fittings 4 Years

Land is not depreciated.

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

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

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

**Leased assets**

*Operating leases*

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

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

*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.

**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.

**Investments in subsidiaries**

Investments in subsidiary companies are held at cost less accumulated impairment losses.

**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.

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

**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.

**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.

*Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

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

*Fair value measurement*

The best evidence of fair value is a quoted price of an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

**Distributions to equity holder**

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

**Related party transactions**

The Company discloses transactions with related parties which are not wholly owned with the same group. It has taken advantage of the exemption in FRS102 paragraph 33.1A and does not disclose transactions with members of the same group that are wholly owned.

**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. Estimates and assumptions that may have a significant effect on the Company's earnings and financial position are as follows:

**Key sources of estimation uncertainty**

Tangible and intangible assets are recognised at cost, less accumulated depreciation, amortisation and any impairments. Amortisation and depreciation take place over the estimated useful life, down to the assessed residual value. The carrying amount of the Company's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

Certain intellectual property is capitalised and recognised as the net present value of royalties payable over a 10 year period over which the company is expected to benefit from the asset. In performance of the review of the carrying value the directors consider estimates of future sales of associated products and margins expected to be achieved, as well as the discount factor used in the calculation, a change in which could have a material effect on the future results of the Company. Whilst the directors are comfortable that the assumptions used in the calculation of the carrying value of intellectual property are based on current expectations and trading performance of the associated class of products, a small change in the assumptions could give rise to the requirement for an adjustment to the carrying value of intangible assets.

The condition of leased properties is assessed on an ongoing basis to establish whether provision for dilapidations costs should be recognised. The carrying amount of the provision is £136,387 (2021: £252,000).

**Trelleborg Retford Limited**

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

**4 Critical accounting judgements and key sources of estimation uncertainty (continued)**  
**Significant accounting judgements in applying the accounting policies**

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

**5 Turnover**

Analysis of turnover by geography:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Europe	<b>1,944</b>	1,450
North America	<b>254</b>	240
Middle East	<b>50</b>	30
Rest of world	<b>3,783</b>	1,096
Total exports	<b>6,031</b>	2,816
United Kingdom	<b>7,980</b>	8,414
	<b>14,011</b>	11,230

Analysis of turnover by category:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Sales of goods	<b>13,843</b>	11,230
Services	<b>168</b>	-
	<b>14,011</b>	11,230

**Trelleborg Retford Limited**

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

**6 Operating profit/(loss)**

Operating profit/(loss) is stated after charging/(crediting):

	2022 £000	2021 £000
(Profit)/loss on disposal of tangible assets	1	-
Depreciation	363	360
Amortisation	81	95
Operating lease charges	77	57
Foreign exchange (profit)/loss	43	8
Audit fees payable to the Company's auditor – auditing of the financial statements	13	11

**7 Other operating income**

	2022 £000	2021 £000
Coronavirus Job Retention Scheme	-	31
Grant income	380	100
	380	131

The company received grant income which is accounted for under the performance method as a revenue grant. £380,000 (2021: £100,00) was credited to the profit and loss account in relation to this grant.

**8 Employees and employee benefits**

**(a) Employees**

	2022 £000	2021 £000
Wages and salaries	3,374	3,122
Social security costs	288	268
Other pension costs	139	194
<b>Staff costs</b>	<b>3,801</b>	<b>3,584</b>

**Trelleborg Retford Limited****Notes to the financial statements  
for the year ended 31 December 2022 (continued)****8 Employees and employee benefits (continued)**

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

By activity	2022 No.	2021 No.
Production	63	77
Selling and distribution	25	22
Administration	13	11
	101	110

**Directors**

The directors' emoluments were as follows:

	2022 £000	2021 £000
Aggregate emoluments	229	269
Company contributions to money purchase pension schemes	9	12

The highest paid director's emoluments were as follows:

	2022 £000	2021 £000
Emoluments	123	164
Contributions to money purchase pension schemes	7	4

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

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

For one director, no remuneration was paid or is payable by the company (2021: none). The Director is employed by another group company and consider their duties to this company to be incidental to their other activities within the group. As a result, no qualifying service has been performed.

**Trelleborg Retford Limited**

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

**9 Net interest expense/income**

<b>Interest payable and similar charges</b>	<b>2022 £000</b>	<b>2021 £000</b>
Interest payable to group undertakings	85	4

**10 Tax on profit/(loss)**

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

	<b>2022 £000</b>	<b>2021 £000</b>
Current tax:		
UK Corporation tax on profits/(losses) for the year	84	32
Adjustments in respect of prior periods	(226)	(3)
<b>Total current tax</b>	<b>(142)</b>	<b>29</b>
Deferred tax:		
Origination and reversal of timing differences	256	75
Adjustment in respect of prior periods	124	1
Impact of change in tax rate	81	-
<b>Total deferred tax</b>	<b>461</b>	<b>76</b>
<b>Tax on profit/(loss)</b>	<b>319</b>	<b>105</b>

**Trelleborg Retford Limited**

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

**10 Tax on profit/(loss) (continued)**

**(b) Reconciliation of tax charge/(credit)**

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Profit/(loss) before tax	<b>1,654</b>	<b>(22)</b>
Profit/(loss) multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	<b>314</b>	<b>(4)</b>
Expenses not deductible for tax purposes	<b>78</b>	<b>28</b>
Other permanent differences	<b>(52)</b>	<b>-</b>
Adjustments to tax charge in respect of prior periods	<b>(102)</b>	<b>(2)</b>
Impact of change in UK tax rate	<b>81</b>	<b>83</b>
<b>Tax charge for the year</b>	<b>319</b>	<b>105</b>

**(c) Tax rate changes**

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

Trelleborg Retford Limited

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

11 Intangible assets

	Software £000	Goodwill £000	Intellectual property £000	Total £000
<b>Cost</b>				
At 1 January 2022	305	593	1,003	1,901
Revaluations	-	-	(275)	(275)
At 31 December 2022	305	593	728	1,626
<b>Accumulated amortisation and impairment</b>				
At 1 January 2022	3	527	547	1,077
Amortisation	14	6	61	81
At 31 December 2022	17	533	608	1,158
<b>Net book amount at 31 December 2022</b>	<b>288</b>	<b>60</b>	<b>120</b>	<b>468</b>
Net book amount at 31 December 2021	302	66	456	824

Amortisation of intangible assets is recognised within administrative expenses.

Revaluations during the year were due to a revaluation of the deferred consideration associated with assigned intellectual property rights acquired in a prior period. The deferred consideration has been fair valued based on forecast sales of the relevant products over a 3 year period, using a discount factor equivalent to the Company's weighted average cost of capital and capitalised as an intangible asset above.

Trelleborg Retford Limited

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

12 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures fittings & motor vehicles £000	Total £000
<b>Cost</b>				
At 1 January 2022	7,826	4,677	664	13,167
Additions	-	908	-	908
Disposals	-	(7)	-	(7)
At 31 December 2022	7,826	5,578	664	14,068
<b>Accumulated depreciation and impairment</b>				
At 1 January 2022	961	2,975	648	4,584
Depreciation	136	223	4	363
Impairment	-	-	-	-
Disposals	-	(6)	-	(6)
At 31 December 2022	1,097	3,192	652	4,941
<b>Net book amount at 31 December 2022</b>	<b>6,729</b>	<b>2,386</b>	<b>12</b>	<b>9,127</b>
Net book amount at 31 December 2021	6,865	1,702	16	8,583

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

Included in freehold land and buildings is freehold land of £749,000 (2021: £749,000) which is not depreciated.

The net book value of land and buildings comprises:

	2022 £000	2021 £000
Freehold	6,592	6,722
Long leasehold	137	143
Net book value	6,729	6,865

**Trelleborg Retford Limited****Notes to the financial statements  
for the year ended 31 December 2022 (continued)****13 Stocks**

	2022 £000	2021 £000
Raw materials	1,970	812
Finished goods and goods for resale	1,565	1,123
	<b>3,535</b>	<b>1,935</b>

There was no significant difference between the replacement cost of stocks and their carrying amounts. Stocks are stated after provisions for impairment of £nil (2021: £100,000).

**14 Debtors**

	2022 £000	2021 £000
Trade debtors	3,447	2,452
Amounts owed by group undertakings	400	82
Group relief receivable	109	-
Prepayments and accrued income	487	751
	<b>4,443</b>	<b>3,285</b>

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

	2022 £000	2021 £000
Trade creditors	2,039	776
Amounts owed to group undertakings	1,886	1,287
Corporation tax	-	83
Group relief payable	-	173
Other taxation and social security	7	13
Accruals and deferred income	604	602
	<b>4,536</b>	<b>2,934</b>

**Trelleborg Retford Limited**

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

**15 Creditors: amounts falling due within one year (continued)**

The Company operates its bank accounts within a group cash pool facility operated by a fellow subsidiary. These balances attract interest based on UK Base rate and are included within amounts owed to group undertakings falling due within one year.

**16 Provisions for liabilities**

	Dilapidation £000	Deferred Consid- eration £000	Total £000
At 1 January 2022	252	455	707
Additions dealt with in the statement of income and retained earnings	-	-	-
Revaluations dealt with in the balance sheet	-	(275)	(275)
Amounts utilised	(21)	(61)	(82)
Unused amounts reversed to the statement of income and retained earnings	(95)	-	(95)
<b>At 31 December 2022</b>	<b>136</b>	<b>119</b>	<b>255</b>

The provision for deferred consideration arose on the acquisition of assigned intellectual property rights acquired during 2015 which are payable over a 10 year period. Additions reflect a revaluation of the assigned rights during the year and have been capitalised as an intangible fixed asset (see note 11).

The provision for dilapidations is based on the directors' best estimate of the likely outcome of committed cash flow.

**17 Deferred tax**

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

	2022 £000	2021 £000
Accelerated capital allowances	837	415
Other timing differences	(31)	(70)
<b>Total deferred tax provision/asset</b>	<b>806</b>	<b>345</b>

The net deferred tax liability expected to reverse in 2023 is £15,000. 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.

**Trelleborg Retford Limited**

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

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

	No.	£000
<hr/>		
Allotted and fully paid ordinary shares of £0.10 each		
At 1 January 2022 and at 31 December 2022	90,615	9
<hr/>		
At 31 December 2022	90,615	9
<hr/>		

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

There were no changes to share capital during the year.

**(b) Reserves**

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

Share premium account – This reserve records the amount above the nominal value received for shares sold. The share premium account cannot be distributed under the Companies Act 2006.

Other reserves relates to the capital redemption reserve.

**19 Capital and other commitments**

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

	2022 £000	2021 £000
<hr/>		
Payments due:		
Not later than one year	56	21
Later than one year and not later than five years	8	13
<hr/>		
	64	34
<hr/>		

**20 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).

**Trelleborg Retford Limited**

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

**21 Controlling parties**

The immediate parent undertaking is Trelleborg Holdings UK Limited.

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