

Concentric Birmingham Limited
Annual report and financial statements
for the year ended 31 December 2021

Registered number: 00671254



Concentric Birmingham Limited

Annual report and financial statements for the year ended 31 December 2021

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Concentric Birmingham Limited

Directors and advisors

Directors

M Kunz
M Whitehouse
R Storer

Registered office

Unit 10
Gravelly Industrial Park
Tyburn Road
Birmingham
B24 8HW

Independent auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Bankers

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Smalandsgatan 17
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Stockholm
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New York Branch
245 Park Avenue
42nd Floor
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USA

Concentric Birmingham Limited

Strategic report for the year ended 31 December 2021

Principal activities and business review

Whilst the principal activity of the company continues to be the manufacturing of pumps for the diesel engine market, the demand for electric pumps has been increasing and is expected to form a greater proportion of revenue in future years.

2021 revenue levels saw a 45.4% increase from the previous year mainly as a result of the markets slowly returning to a pre COVID-19 state. There has been a general surge of demand moving from traditional fuel pumps to electric pumps across all customer and this new opportunity in innovative ePump technology is being embraced by the company and will gradually expand in all served markets.

The outlook for 2022 is looking positive with general market indicators projecting an increase in demand across all OEM's worldwide. In the 2022 results to date, the company has seen an increase in sales which is projected to continue throughout 2022 and into 2023. However, in the light of current market analysis the company also expects to continue to see the impact from global supply chain, inflationary rates and macro-economic impacts for the remainder of 2022. The forecast forward is showing order bank improvements and increased revenues going into 2023, the challenge will remain to match potential recovery of metals, freight, energy and economic impacts to be further passed on within the supply chain.

Principle Risks and Uncertainties

The Company's operations expose it to a variety of financial risks that include the effects of changes in prices, credit risk and exchange risk.

- **Price risk**

The Company is exposed to commodity price risk, particularly for raw materials. The Company monitors these costs through regular market analysis and assessment of metal escalator triggers and takes corrective action when required.

- **Credit risk**

The Company has implemented policies that require appropriate credit checks on potential customers and ongoing review of credit levels for existing customers. These credit limits are amended when appropriate.

- **Exchange risk**

The Company's operations give rise to extensive cash flows in foreign currency, the most significant of which are in US Dollars, Euros and Indian Rupees. The company monitors the net exposure of these cash flows on a rolling 12 month basis and uses forward contracts to hedge the associated risk.

- **Liquidity Risk**

The Company has a very stable cash position and has a cash pool facility with the parent company. Cash remains a key strategic focus for the business and the Company is managed to remain in a strong liquid position.

- **Operational Risk**

The Company has implemented processes that require due diligence and attention on key areas including business interruption, health & safety, failure of IT systems, product failure, key stakeholder analysis, litigation and fraud. Each one of these and more are topics that are addressed and discussed regularly in the business monthly operational meetings.

- **Cash flow Risk**

The Company has carefully managed and monitored its cash flow risks through weekly management reporting and by managing the external market variables influencing the business and its cash flow capabilities. This involves regularly monitoring its working capital movements, managing and matching better payments terms with key customers and suppliers and a robust capital authorisation process for the investment projects on innovative new developments for the business.

Concentric Birmingham Limited

Strategic report for the year ended 31 December 2021 (continued)

Key performance indicators (“KPIs”)

The company measures the following KPIs to monitor the performance of the business:

| | 2021 | 2020 |
|-----------------------------------|-------|-------|
| Operating Margin | 24.8% | 22.2% |
| Working Capital as a % of Revenue | 39.6% | 59.3% |
| Return on Net Assets | 23.0% | 26.3% |

- o Operating Margin is defined as Operating profit divided by Turnover
- o Working Capital is defined as Net Current Assets less Cash at bank and in hand
- o Return on Net Assets is defined as Profit for the financial year divided by Net assets

Statement by the directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006 (“the Act”)

The board of Concentric Birmingham Limited considers that it is comprised with appropriate individuals with suitable skills and experience and the directors consider that they have acted, both individually and together, in ways which would most likely promote the success of the company for the benefit of its members as a whole, having regard to key stakeholders and matters set out in section 172 (1) of the Act.

The board has implemented policies and processes to inform and assist its strategic planning, management and decision making in line with its culture and values. Details of the business unit's key stakeholders and how we engage with them are set out below.

• *Shareholders*

Concentric Group takes a lead in regards to assuring the strategy, performance and key decisions take into account stakeholder's interests in decision making. The parent company and the subsidiaries individually performs its stakeholders assessments and uses the information to assess the impact of decisions on each stakeholder group as part of its own decision making process.

• *Employees*

Concentric Group as a whole embraces various platforms to communicate and reach out to its employees, of which some of these platforms include:

- o Quarterly briefings videos by the CEO, addressing the wider group and company performance and forward strategic planning
- o Quarterly Local level management briefings, addressing local performance, targeted expectations and providing a platform for employees to raise any issues and concerns
- o Regular monthly newsletters, addressing and engaging with employees on various aspects concerning their interests and welfare
- o Annual employee surveys are conducted, a collaborative approach to address and highlight key issues and achievements, followed by feedback with clear plan of actions

• *Suppliers and Customers*

- o Regular contacts are encouraged and addressed with key suppliers and customers through regular meetings, addressing day to day key operational aspects and shared strategic aim to improving key stakeholder interaction, relationship and feedback

Concentric Birmingham Limited

Strategic report for the year ended 31 December 2021 (continued)

- The Company has policies and processes that act as a monitoring tool to ensure there is no involvement in modern slavery, corruption or bribery, this is also advocated through Concentric values
- Annual customer surveys are a key part of Concentric group's values and vision, it takes pride in putting its customers first and by conducting these surveys the company reaches out to its customers for in-depth analysis and feedback.

- *Government and Regulators*

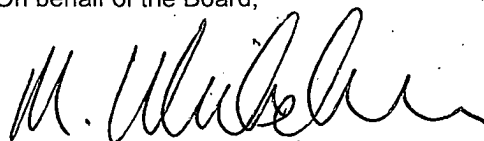
- The Company has a quarterly business continuity plan review which address the current status with a view to maintain all aspects concerning business going concern, regulations, legislation, business relations with the wider community and any other key stakeholders.
- Regular business unit reviews are conducted between business unit leaders and the Executive team for the key business managers in the business to communicate and discuss group's strategic direction with a key focus on compliance with laws and regulation.

- *Environment*

The company conducts business in an environmentally responsible way by:

- Operating our facilities in compliance with all environmental laws, rules and regulations
- Providing training to employees in proper waste management procedures
- Acting as good neighbours to our surrounding communities by communicating with the public regarding our environmental management practices where required
- Minimizing the creation of waste, and disposing of all waste in a safe and responsible manner

On behalf of the Board,



Marcus Whitehouse

Director

Company registered number: 00671254

Date: 15 SEPTEMBER 2022

Concentric Birmingham Limited

Directors' report for the year ended 31 December 2021

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

Results and dividends

The profit before taxation for the year amounted to £9,133,000 (2020: £5,285,000). The directors anticipate continuing profitability from ongoing operations.

There were no dividends paid during the year (2020: £nil).

Directors

The directors serving during the year and subsequent to the year-end were as follows:

D Bessant (resigned 14th Sep 2021)

D Woolley (resigned 28th Feb 2022)

M Kunz (appointed 1st March 2022)

R Storer

M Whitehouse

Directors' Indemnities

The company has made qualifying third-party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

Post balance sheet events

Since the balance sheet dated 31 December 2021, COVID-19 and the Ukraine war has continued to impact the global economy. The directors believe the company is reasonably well placed to mitigate the impact of COVID-19 and the recent inflationary and supply chain issues. The directors continue to monitor the situation closely and will adapt the business continuity plans as required.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company participates in Concentric AB's ("the Group") centralised treasury arrangements through a cash pool facility and so, where appropriate, shares banking arrangements with its parent and fellow subsidiaries. As part of the terms of the cash pool facility, the Group have the ability to utilise the cash balance on demand.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. The base cash flow forecasts assume a gradual year on year increase and recovery through the rest of 2022 and 2023 with trading returning and improving from pre-COVID-19 levels. The forecasts include a severe but plausible downside scenario of a fall in sales of 25% for 2022 and 2023 against the base case, which the directors believe to be cautious in light of the trading results in recent months as a result of the impacts of COVID-19. In such a downside scenario the company will have sufficient funds to meet its liabilities as they fall due for that period.

However, the directors recognise that as part of the cash pooling arrangement the Group is able to call on the cash pool balances. Therefore, the directors have considered the Group's forecasts and are satisfied that the Group will not be reliant on the cash pool amounts in the Company for the forecast period, even in a plausible downside scenario. The Directors therefore continue to assume that they will have access to the cash pool balances for the forecast period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Concentric Birmingham Limited

Directors' report (continued) for the year ended 31 December 2021

Research and Development

Research and development activities continue to be aligned with our customer requirements to reduce parasitic losses within engine components to improve fuel economy. The variable flow range of products is attracting significant interest to include evaluation testing on various customer vehicles. The separation of advanced R&D from the main engineering function is driving a dedicated focus on new product development, innovative range of ePump technologies with proven ultra-high levels of efficiency and reliability are the key enablers to support newer innovative solutions and markets.

The research and development costs charged to the profit and loss account during the year ended 31 December 2021 amounted to £946,000 (2020: £687,000), the increase from the previous year is predominantly due to the levels returning to pre-COVID functioning.

Employees

The importance of good communications and relations with all employees is recognised. The company attempts to achieve this by a policy of keeping employees informed on matters affecting their interests at meetings with employees or through employee elected representatives.

In dealing with applications for employment from disabled persons or where individuals become disabled whilst in the employment of the company, every reasonable effort is made to provide opportunities within the potential aptitude and ability of the individuals concerned and to provide training and other facilities as may contribute appropriately to their career development or promotion.

Various communication methods are also discussed in the s172 statement in the strategic report.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: £nil).

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

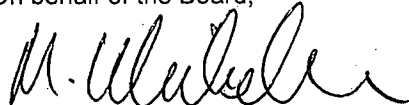
Statement of disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG LLP, will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

On behalf of the Board,



Marcus Whitehouse
Director

Unit 10
Gravelly Industrial Park
Tyburn Road
Birmingham
B24 8HW

Company registered number: 00671254

Date: 15 SEPTEMBER 2022

Concentric Birmingham Limited

Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Concentric Birmingham Limited

Independent auditor's report to the members of Concentric Birmingham Limited

Opinion

We have audited the financial statements of Concentric Birmingham Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and loss account, Statement of comprehensive income, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board and management meeting minutes.

Concentric Birmingham Limited

Independent auditor's report to the members of Concentric Birmingham Limited (continued)

- Considering remuneration incentive schemes and performance targets for management/ directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law, regulatory capital and liquidity and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Concentric Birmingham Limited

Independent auditor's report to the members of Concentric Birmingham Limited (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Concentric Birmingham Limited

Independent auditor's report to the members of Concentric Birmingham Limited (continued)

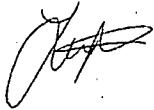
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



John Hughes (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

Date: 16 September 2022

Concentric Birmingham Limited

Profit and loss account for the year ended 31 December 2021

| | Note | 2021 £'000 | 2020 £'000 |
|--------------------------------------|------|---------------|---------------|
| Turnover | 5 | 37,638 | 25,887 |
| Cost of sales | | (27,644) | (19,605) |
| Gross profit | | 9,994 | 6,282 |
| Distribution costs | | (298) | (248) |
| Administrative expenses | | (1,598) | (1,669) |
| Other operating income | 6 | 1,225 | 1,387 |
| Operating profit | | 9,323 | 5,752 |
| Other finance income | 8 | 1,721 | 2,240 |
| Other finance expense | 7 | (1,911) | (2,707) |
| Profit before taxation | | 9,133 | 5,285 |
| Tax on profit | 12 | (1,320) | 868 |
| Profit for the financial year | | 7,813 | 6,153 |

The notes form an integral part of these financial statements.

Concentric Birmingham Limited

Statement of comprehensive income for the year ended 31 December 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|------|---------------|---------------|
| Profit for the financial year | | 7,813 | 6,153 |
| Other comprehensive income: | | | |
| Re-measurement of net defined benefit obligations | 20 | 3,516 | (227) |
| Movement in deferred tax relating to pension deficit | 12 | (769) | 44 |
| Other comprehensive income/(losses) for the year, net of tax | | 2,747 | (183) |
| Total comprehensive income for the financial year | | 10,560 | 5,970 |

The notes form an integral part of these financial statements.

Concentric Birmingham Limited

Balance Sheet as at 31 December 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 13 | 2,740 | 2,619 |
| Investments | 14 | 727 | 727 |
| Post-employment benefits | 20 | 1,356 | - |
| | | 4,823 | 3,346 |
| Current assets | | | |
| Stocks | 15 | 2,868 | 1,659 |
| Debtors (including amounts falling due in more than one year of £2,107,000 (2020: £22,990,000)) | 16 | 28,980 | 29,128 |
| Cash at bank and in hand | | 25,132 | 19,108 |
| | | 56,980 | 49,895 |
| Creditors: amounts falling due within one year | 17 | (16,959) | (15,433) |
| Net current assets | | 40,021 | 34,462 |
| Total assets less current liabilities | | 44,844 | 37,808 |
| Provisions for liabilities | | | |
| Other provisions | 18 | (458) | (396) |
| Post-employment benefits | 20 | (10,389) | (13,975) |
| Net assets | | 33,997 | 23,437 |
| Capital and reserves | | | |
| Called up share capital | 19 | - | - |
| Share premium | | 718 | 718 |
| Retained earnings | | 33,279 | 22,719 |
| Total equity | | 33,997 | 23,437 |

The notes form an integral part of these financial statements.

These financial statements were approved by the board of directors on 15 SEPTEMBER 2022 and were signed on its behalf by:



Marcus Whitehouse

Director

Company registered number: 00671254

Concentric Birmingham Limited

Statement of changes in equity as at 31 December 2021

| | Called up share capital £'000 | Share premium £'000 | Retained earnings £'000 | Total £'000 |
|--|--|---------------------------|-------------------------------|----------------|
| Balance as at 1 January 2020 | - | 718 | 16,749 | 17,467 |
| Profit for the year | - | - | 6,153 | 6,153 |
| Other comprehensive income for the year | - | - | (183) | (183) |
| Total comprehensive income for the year | - | - | 5,970 | 5,970 |
| Balance as at 31 December 2020 | - | 718 | 22,719 | 23,437 |
| Balance as at 1 January 2021 | - | 718 | 22,719 | 23,437 |
| Profit for the year | - | - | 7,813 | 7,813 |
| Other comprehensive income for the year | - | - | 2,747 | 2,747 |
| Total comprehensive income for the year | - | - | 10,560 | 10,560 |
| Balance as at 31 December 2021 | - | 718 | 33,279 | 33,997 |

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021

1 General Information

Concentric Birmingham Limited is a subsidiary company of the Concentric group of companies. The company is incorporated and domiciled in the United Kingdom. The address of its registered office is Unit 10, Gravelly Industrial Park, Tyburn Road, Birmingham, B24 9HW.

2 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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. The company has adopted FRS 102 in these financial statements.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company participates in Concentric AB's ("the Group") centralised treasury arrangements through a cash pool facility and so, where appropriate, shares banking arrangements with its parent and fellow subsidiaries. As part of the terms of the cash pool facility, the Group have the ability to utilise the cash balance on demand.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. The base cash flow forecasts assume a gradual year on year increase and recovery through the rest of 2022 and 2023 with trading returning and improving from pre-COVID-19 levels. The forecasts include a severe but plausible downside scenario of a fall in sales of 25% for 2022 and 2023 against the base case, which the directors believe to be cautious in light of the trading results in recent months as a result of the impacts of COVID-19. In such a downside scenario the company will have sufficient funds to meet its liabilities as they fall due for that period.

However, the directors recognise that as part of the cash pooling arrangement the Group is able to call on the cash pool balances. Therefore, the directors have considered the Group's forecasts and are satisfied that the Group will not be reliant on the cash pool amounts in the Company for the forecast period, even in a plausible downside scenario. The Directors therefore continue to assume that they will have access to the cash pool balances for the forecast period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 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.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102.

FRS 102 allows a qualifying entity to take certain disclosure exemptions. The company has taken advantage of the available exemption under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Concentric AB, includes the company's cash flows in its own consolidated financial statements. The company has also taken advantage of exemptions available under FRS102 section 11 Basic Financial Instruments and FRS102 section 12 Other Financial Instruments in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1. Under FRS 102 paragraph 33.7 the company has taken advantage of the exemption not to disclose the total compensation for key management personnel.

In accordance with Paragraph 33.1A of FRS 102, the company does not disclose transactions with members of the same group that are wholly owned.

Consolidated financial statements

During the year, the company was a wholly owned subsidiary of Concentric AB and, in accordance with section 400 of the Companies Act 2006, the company has not prepared consolidated financial statements. The results of the company and its subsidiaries are consolidated in the financial statements of Concentric AB, a company registered in Sweden (see note 22).

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The company has a cash pooling facility from its parent company Concentric AB and are able to draw down cash when needed.

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Financial assets (including trade and other debtors) (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Royalty Income

Payment made for the use of property, (i.e. trademark or patent) are based on a percentage of revenue obtained through the sale of certain products recognised over time.

Turnover

Turnover represents the amounts (excluding VAT) derived from the provision of goods to customers. Turnover is recognised when goods are delivered to customers by the Company, or when goods are collected by the customer.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Tooling Income

Tooling income is recognised on the percentage of completion method of accounting and is calculated based on the percentage of costs incurred to date compared with the total expected costs for the contract.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Taxation

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

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 year end.

Deferred tax

The charge for taxation is based on the pre-tax result for the financial year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse and is provided in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as follows:

- Tax payable on the future remittance of the past earnings of subsidiaries is provided only to the extent that dividends have been accrued as receivable or a binding agreement to distribute all past earnings exists.
- Deferred tax is not recognised on the difference between book values and fair values of non-monetary assets arising on acquisitions unless there is a binding agreement to sell the asset and the gain or loss expected to arise.
- Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | | |
|------------------------|---|--------------------------------------|
| Leasehold improvements | - | shorter of life of lease or 25 years |
| Plant and machinery | - | 5 to 12 years |
| Fixtures and fittings | - | 3 to 10 years |

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Investments

Investments in subsidiary companies are held at historic cost less accumulated impairment losses. At each balance sheet date the investments are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying value of the asset.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the 'first in first out' methodology is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Consumable tools are expensed as purchased.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re measurement to fair value is recognised immediately in profit or loss.

Government Grants

Government grants are credited to the profit and loss account in the periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented in Other operating income.

4 Critical accounting judgements and estimation uncertainty

Critical judgements in applying the company's accounting policies

No critical judgements have been taken when applying the accounting policies of the company. The policies have been applied as they are stated in Note 3.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, inflation and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends and relevant discount rate, mortality rates, CPI and RPI are applied. See note 20 for the disclosures relating to the defined benefit pension scheme.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

5 Turnover

All turnover is attributable to the company's principal activity of manufacturing pumps for diesel and electric engines for agricultural and commercial vehicles. The analysis of turnover by geographical market is given below:

| | 2021 £'000 | 2020 £'000 |
|----------------|---------------|---------------|
| United Kingdom | 10,322 | 8,193 |
| Rest of Europe | 20,802 | 14,416 |
| USA | 4,268 | 2,634 |
| Far East | 2,246 | 644 |
| | 37,638 | 25,887 |

6 Other Operating Income

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Product Development and Tooling Income | 1,050 | 441 |
| Furlough Grant Income | - | 784 |
| Royalty Income | 175 | 162 |
| | 1,225 | 1,387 |

7 Other finance expense

| | 2021 £'000 | 2020 £'000 |
|--|----------------|----------------|
| Net loss on financial liabilities measured at fair value through P&L | (3) | (184) |
| Pension Interest expense (Note 20) | (1,906) | (2,523) |
| Interest expense on bank accounts | (2) | - |
| | (1,911) | (2,707) |

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Other finance income

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Interest income on fair value of plan assets (Note 20) | 1,721 | 2,233 |
| Interest income on bank accounts | - | 7 |
| | 1,721 | 2,240 |

9 Expenses and Auditor's remuneration

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Operating profit is stated after charging: | | |
| Depreciation of Tangible Fixed Assets – owned (note 13) | 824 | 855 |
| Hire of Other - Operating Leases | 244 | 208 |
| Rental – Operating Leases | 494 | 487 |
| Research and Development Expenditure | 946 | 687 |
| Services provided by the Company's Auditor: | | |
| Audit Fees payable to the Company's Auditor | 63 | 61 |

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Employee information

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

| By activity: | Number of employees | |
|----------------|---------------------|------|
| | 2021 | 2020 |
| Production | 124 | 122 |
| Administration | 13 | 15 |
| | 137 | 137 |

| The aggregate payroll costs of these individuals were as follows: | 2021 | 2020 |
|---|-------|-------|
| | £'000 | £'000 |
| Wages and salaries | 5,382 | 4,827 |
| Social security costs | 533 | 441 |
| Pension costs | 191 | 167 |
| | 6,106 | 5,435 |

11 Directors' emoluments

Remuneration in respect of directors was as follows:

| | 2021 | 2020 |
|---|-------|-------|
| | £'000 | £'000 |
| Directors' emoluments | 120 | 105 |
| Company contributions to defined contribution schemes | 7 | 6 |
| | 127 | 111 |

| Members of: | Number of directors | |
|--------------------------------------|---------------------|------|
| | 2021 | 2020 |
| Company defined contribution schemes | 1 | 1 |

During the year ended 31 December 2021 none of the directors were accruing benefits under a defined benefit pension scheme (2020: none).

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

12 Taxation

(a) Total tax recognised in the profit and loss account

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Current tax | | |
| UK corporation tax on profits for the year | 1,488 | 774 |
| Adjustment in respect of prior periods | 67 | (1,547) |
| Total current tax | 1,555 | (773) |
| Deferred taxation | | |
| Origination and reversal of timing differences | 371 | 219 |
| Adjustment in respect of prior periods | 1 | (53) |
| Changes in tax rates or laws | (607) | (261) |
| Total deferred taxation | (235) | (95) |
| Total tax recognised in the profit and loss account | 1,320 | (868) |

(b) Total tax recognised in other comprehensive income

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Current tax | | |
| Origination and reversal of timing differences | - | (43) |
| Total current tax | - | (43) |
| Deferred taxation | | |
| Origination and reversal of timing differences | 883 | 36 |
| Impact of change in tax rates | (114) | (37) |
| Total deferred taxation | 769 | (1) |
| Total tax recognised in other comprehensive income | 769 | (44) |

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

Taxation (continued)

(c) Summary of total tax within the financial statements

| | 2021 | | | 2020 | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | Current tax | Deferred tax | Total tax | Current tax | Deferred tax | Total tax |
| Recognised in the profit and loss account | 1,555 | (235) | 1,320 | (773) | (95) | (868) |
| Recognised in other comprehensive income | - | 769 | 769 | (43) | (1) | (44) |
| Total tax | 1,555 | 534 | 2,089 | (816) | (96) | (912) |

(d) Reconciliation of effective tax rate

The tax assessed for the year is the standard effective rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Profit before taxation | 9,133 | 5,285 |
| Total tax recognised in the profit and loss account | 1,320 | (868) |
| Profit multiplied by the standard rate of tax in the UK 19.00% (2020: 19%) | 1,735 | 1,004 |
| Effects of: | | |
| Tax exempt income | - | (37) |
| Patent box incentives | (24) | (116) |
| Transfer Pricing Adjustment | 106 | 106 |
| Non-deductible expenses | 42 | 36 |
| Adjustment in respect of prior periods | 68 | (1,600) |
| Change in tax rates | (607) | (261) |
| Total tax charge/(credit) for the year | 1,320 | (868) |

Adjustments in respect of prior periods relate to differences between the accounting position and final submitted tax returns to HMRC.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

Taxation (continued)

(e) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

Deferred taxation

Deferred tax recognised in the financial statements in the current and previous year is as follows:

| | 2021 | | 2020 | |
|--|-------------------|---------------------|-------------------|---------------------|
| | Provided £'000 | Unprovided £'000 | Provided £'000 | Unprovided £'000 |
| Accelerated capital allowances | - | - | (22) | - |
| Short term timing differences | - | - | - | - |
| Included in provision for liabilities | - | - | - | - |
| Included in Debtors (falling due more than one year) | 2,107 | - | 2,642 | - |
| Total deferred tax (see note 16) | 2,107 | - | 2,642 | - |

The movements in total deferred tax assets during the year are as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| At 1 January | 2,642 | 2,511 |
| Profit and loss account | (372) | (184) |
| Adjustment in respect of prior periods | (1) | 53 |
| Changes in tax rates or laws | 607 | 261 |
| Recognised in the Statement of Comprehensive Income | (769) | 1 |
| At 31 December | 2,107 | 2,642 |

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

13 Tangible assets

| | Leasehold improvements £'000 | Plant and machinery £'000 | Fixtures and fittings £'000 | Total £'000 |
|---------------------------------|------------------------------------|---------------------------------|--------------------------------------|----------------|
| Cost | | | | |
| At 1 January 2021 | 919 | 26,444 | 4,530 | 31,893 |
| Additions | - | 868 | 77 | 945 |
| At 31 December 2021 | 919 | 27,312 | 4,607 | 32,838 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | 917 | 23,950 | 4,407 | 29,274 |
| Charge for the year | 2 | 744 | 78 | 824 |
| At 31 December 2021 | 919 | 24,694 | 4,485 | 30,098 |
| Net book value | | | | |
| At 31 December 2020 | 2 | 2,494 | 123 | 2,619 |
| At 31 December 2021 | - | 2,618 | 122 | 2,740 |

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

14. Fixed Asset Investments

Shares in subsidiary undertakings
£'000

| Cost and net book value | |
|-----------------------------------|-----|
| At 1 January and 31 December 2021 | 727 |

The directors consider the value of the investments to be supported by their underlying assets. Subsidiary undertakings' details are as follows:

| Name | Country of incorporation | Registered address | % of ordinary shares held | Nature of business |
|-------------------------------------|--------------------------|---|---------------------------|---------------------------------|
| Complete Parts Limited | England and Wales | 5 Brooklands, Redditch, Worcester B98 9DW | 100% | Dormant |
| Concentric Engineering Limited | England and Wales | 5 Brooklands, Redditch, Worcester B98 9DW | 100% | Dormant |
| Concentric Pumps Pune (Pte) Limited | India | Gate No. 26/1, 27 & 28 (Part), off Pune Nagar Road, Lonikand, Pune: 412216, INDIA | 98% | Vehicle component manufacturing |

15 Stocks

| | 2021 £'000 | 2020 £'000 |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | 2,277 | 1,338 |
| Work in progress | 383 | 274 |
| Finished goods | 208 | 47 |
| | 2,868 | 1,659 |

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £18,526,000 (2020: £13,601,000). The write-down of stocks to net realisable value amounted to £21,000 (2020: £nil). The reversal of write-downs amounted to £nil (2020: £nil). The write-down and reversal are included in cost of sales.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

16 Debtors

| | 2021 £'000 | 2020 £'000 |
|------------------------------------|---------------|---------------|
| Trade debtors | 5,525 | 4,535 |
| Other debtors | 370 | 146 |
| Prepayments and accrued income | 266 | 631 |
| Amounts owed by group undertakings | 20,712 | 20,348 |
| Deferred tax asset | 2,107 | 2,642 |
| Corporation tax debtor | - | 826 |
| | 28,980 | 29,128 |

Amounts owed by group undertakings are unsecured, interest free and represent trading balances. Included within Debtors is a deferred tax asset of £2,107,000 (2020: £2,642,000) due in more than one year.

17 Creditors: amounts due within one year

| | 2021 £'000 | 2020 £'000 |
|---------------------------------------|---------------|---------------|
| Trade creditors | 4,039 | 3,960 |
| Amounts owed to group undertakings | 11,708 | 9,418 |
| Other creditors | 27 | 26 |
| Other taxes and social security costs | 196 | 197 |
| Corporation tax liability | 47 | - |
| Accruals and deferred income | 942 | 1,832 |
| | 16,959 | 15,433 |

Amounts owed to group undertakings are unsecured, interest free and represent trading balances. These balances are repayable on demand.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

18 Other Provisions

| | Dilapidations £'000 | Warranty £'000 | Total £'000 |
|----------------------------|------------------------|-------------------|----------------|
| At 1 January 2021 | 275 | 121 | 396 |
| Utilised in the year | - | - | - |
| Charge in the year | - | 62 | 62 |
| At 31 December 2021 | 275 | 183 | 458 |

Dilapidations provision

A dilapidations provision has been recognised to cover contractual dilapidation costs under the lease agreement for the building. The dilapidation provision has not been discounted as the effect (or impact) has been considered to be immaterial.

Warranty provision

A warranty provision has been recognised to cover expected warranty obligations to customers. The provision is expected to unwind over the course of the next two years.

19 Called up share capital

| | 2021 Number | 2020 Number | 2021 £ | 2020 £ |
|--------------------------------------|----------------|----------------|-----------|-----------|
| Authorised, allotted and fully paid: | | | | |
| Ordinary shares of £1 each | 100 | 100 | 100 | 100 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

20 Post-employment benefits

Defined benefit schemes

The company participated in two defined benefit pension schemes (the "Main" scheme and the "Directors" scheme) in the United Kingdom, both of which are considered to be related parties to the Company providing benefits based on final pensionable pay. The schemes are funded by the payment of contributions to separately administered trust funds that hold the pension scheme assets to meet the long term pension liabilities. Both of these schemes have been closed to new entrants and future accrual and replaced by defined contribution schemes.

| | 2021 £'000 | 2020 £'000 |
|-------------------------------|----------------|-----------------|
| Defined benefit obligation | (128,841) | (138,475) |
| Plan assets | 119,808 | 124,500 |
| Deficit in the schemes | (9,033) | (13,975) |

The deficit in the schemes consists of a net surplus in the Directors scheme of £1,356,000 (2020: £nil) and a net deficit for the Main scheme of £10,389,000 (2020: £13,975,000).

Movements in present value of defined benefit obligation

| | 2021 £'000 |
|----------------------------|------------------|
| At 1 January 2021 | (138,475) |
| Benefits paid | 5,215 |
| Interest expense | (1,906) |
| Actuarial gains | 6,719 |
| Expenses | (394) |
| At 31 December 2021 | (128,841) |

Movements in fair value of plan assets

| | 2021 £'000 |
|----------------------------|----------------|
| At 1 January 2021 | 124,500 |
| Benefits paid | (5,215) |
| Interest income | 1,721 |
| Actuarial losses | (3,203) |
| Employer contributions | 2,005 |
| At 31 December 2021 | 119,808 |

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

Post-employment benefits (continued)

Defined benefit costs recognised in the profit and loss:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Expenses | (394) | (380) |
| Gains/ (losses) due to benefit changes | 3,516 | (227) |
| Interest income | 1,721 | 2,233 |
| Interest expense | (1,906) | (2,523) |
| Defined benefit costs recognised in the profit and loss account | 2,937 | (897) |

Defined benefit income/(losses) recognised in other comprehensive income:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Return on plan assets | (3,203) | 14,978 |
| Re-measurement gains/(losses) | 6,719 | (15,205) |
| Defined benefit income/(losses) recognised in other comprehensive income | 3,516 | (227) |

The best estimate of contributions to be paid by the employer to the scheme for the year beginning after 1 January 2022 is £2,005,000. The actual return on scheme assets over the year ended 31 December 2021 was a loss of £1,482,000 (2020: gain of £17,211,000).

Scheme assets

The fair value of the scheme's assets and the return on those assets were as follows:

| | 2021 £'000 | 2020 £'000 |
|----------------------------------|----------------|----------------|
| Equities | - | 6,689 |
| Bonds | 47,549 | 27,171 |
| Multi Asset Mutual fund | 54,615 | 71,693 |
| Cash | 1,308 | 541 |
| Insured Assets | 16,336 | 18,406 |
| Fair value of plan assets | 119,808 | 124,500 |

None of the fair values of the assets shown above includes any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

Principal actuarial assumptions at the year-end were as follows:

| | 2021 | 2020 |
|---|--------------------------|--------------------------|
| Discount rate | 1.85% | 1.40% |
| Rate of inflation - Retail Price Index ("RPI") | 3.40% | 2.95% |
| - Consumer Price Index ("CPI") | 2.90% | 2.45% |
| Allowance for commutation of pension for cash at retirement | 100% of Post A day | 100% of Post A day |
| Rate of increase in pension payment | 3.55% | 3.00% |

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. No allowance for increase in salaries has been made as the schemes are closed to future accrual. The methodology for determining the pension increase assumptions has been amended in the year in the year to refine the approach. The change in methodology is estimated to have resulted in an increase to the defined benefit obligations of £1,700,000.

The last actuarial valuation for both the Main scheme and the Directors' scheme was updated to 31 December 2021 by a qualified actuary, using the projected unit basis, independent of the scheme's sponsoring employers. The contributions for the year were £2,005,000 (2020: £2,005,000).

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions have not been updated to reflect the potential impacts of COVID-19 as a result of the uncertainty of the impact on long-term mortality rates. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

| | 2021 Years |
|---|---------------|
| Longevity at age 65 for current pensioners: | |
| Men | 21.4 |
| Women | 23.7 |
| Longevity at age 65 for future pensioners: | |
| Men | 22.7 |
| Women | 25.1 |

The scheme administrators were informed in the period that the scheme may retain responsibility for the GMP liability in respect of 32 members whose benefits were secured with an insurer historically. The Company and the administrator are awaiting further details from the annuity providers and therefore there is insufficient information available to confirm whether a liability will arise for the scheme. The Company do not expect a material increase to the defined benefit liability will be required with respect to this matter.

Concentric Birmingham Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

Defined contribution scheme

The company operates a defined contribution pension scheme. The pension cost for the period represents contributions payable by the company and amounted to £191,000 (2020: £167,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

21 Financial commitments

At 31 December 2021, the company had annual commitments under non-cancellable operating leases as set out below:

| | Other | | Land and buildings | |
|--------------------------------------|---------------|---------------|--------------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Operating leases which expire: | | | | |
| Within one year | 56 | 75 | 513 | 513 |
| - In second to fifth years inclusive | 43 | 125 | 2,051 | 2,051 |
| After more than five years | - | - | 2,052 | 2,563 |
| | 99 | 200 | 4,616 | 5,127 |

22 Immediate and ultimate parent undertaking and controlling party

The directors consider Concentric Pumps Ltd to be the immediate parent undertaking.

Throughout the year, the ultimate parent undertaking and controlling party was Concentric AB, which was the parent company of the smallest and largest group to consolidate these financial statements in full. Copies of Concentric AB consolidated financial statements can be obtained from the group's website at www.concentricab.com.