

REGISTERED NUMBER: 06084854 (England and Wales)

Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2021

for

Valeo Air Management UK Limited

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Valeo Air Management UK Limited

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for the Year Ended 31 December 2021

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Valeo Air Management UK Limited

Company Information
for the Year Ended 31 December 2021

DIRECTORS:

D M Casaril
M A F Forissier
J S Jem

REGISTERED OFFICE:

Unit 53 Heming Road
Washford
Redditch
Worcestershire
B98 0DZ

REGISTERED NUMBER:

06084854 (England and Wales)

INDEPENDENT AUDITORS:

Mazars LLP
First Floor
Two Chamberlain Square
Birmingham
B3 3AX

SOLICITORS:

Birkett Long
Faviell House
1 Coval Wells Chelmsford Essex
CM1 1WZ

The directors present their annual report and the audited financial statements of Valeo Air Management UK Limited (the "Company") for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the company was to develop the Valeo Electric Supercharger, previously known as Variable Torque Enhancement System (VTES) CO2 reducing technology. This was achieved successfully and now VTES is in OEM production in one of the Group companies in France. The company assets have been transferred to other group companies and at present company have reduce trading activity and in the future it will be merge with other companies (valeo UK group) or might become dormant.

It is not possible for the company to split out the associated cost of sale amounts, given the inseparable nature of the costs incurred in relation to prototypes and research and development of the products. Therefore all amounts continue to be included within administration expenses.

DIVIDENDS

The loss for the financial year, after taxation, amounted to £371,000 (2020: loss £346,000).

The directors do not recommend payment of a final dividend £ Nil (2020: £Nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

D M Casaril
M A F Forissier
J S Jem

GOING CONCERN

The Company is in a net current liability position, which includes an overdraft facility. The Company has net liabilities principally due to the Research and development activities. The Company has obtained confirmation from its parent undertaking of the parent company's intention to continue to support the Company financially such that it can pay its financial obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. No change is expected to the current status as a parent undertaking. The directors have therefore prepared the financial statements on the going concern basis.

Covid 19 – Health impact

The health and well-being of our staff is of primary importance and we have ensured that we follow Government health and safety guidelines at all times across the Group. Although there is hope that the worst effects of the virus can be mitigated by vaccination, the risk of virus mutations and vaccine hesitancy means the health risks are still present. We are encouraging all staff to get vaccinated when their turn comes and we are continuing to follow Government guidance for health and safety at work.

Covid 19 – Economic impact

Alongside the risks to health from Covid 19, there has been a significant economic impact. Although the restrictions on business are gradually being eased, the risk of mutations and further waves of the virus means a significant economic risk remains.

Brexit

Although the UK has left the EU and the 'transition period', there is a lingering risk from the longer term impacts of Brexit. We have seen an increase in the cost of shipping to the EU and greater difficulty in providing services at customer sites in EU countries. We are working through the difficulties we encounter but there is a continuing risk of negative impacts from Brexit.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Independent auditor

Under section 487(2) of the Companies Act 2006, Mazars LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

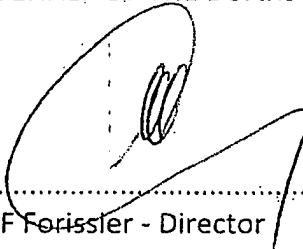
Small companies exemptions

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

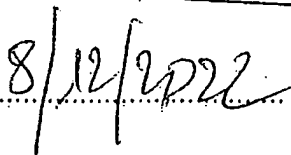
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
M A F Forissler - Director



Date:



Opinion

We have audited the financial statements of Valeo Air Management UK Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
 - the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.
 - the financial statements are not in agreement with the accounting records and returns; or
 - certain disclosures of directors' remuneration specified by law are not made; or
-

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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 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.

Auditors' 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 the financial statements.

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

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..

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;

Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and

- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (cut-off), and significant one-off or unusual transactions.

Report of the Independent Auditors to the Members of
Valeo Air Management UK Limited

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and

Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.



Louis Burns (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
First Floor
Two Chamberlain Square
Birmingham
B3 3AX

Date: 12/12/2022

Valeo Air Management UK Limited

Income Statement
for the Year Ended 31 December 2021

		31.12.21	31.12.20
	Notes	£'000	£'000
TURNOVER		-	-
Administrative expenses		<u>(464)</u>	<u>(179)</u>
OPERATING LOSS		(464)	(179)
Interest payable and similar expenses	4	<u>(376)</u>	<u>(482)</u>
LOSS BEFORE TAXATION	5	(840)	(661)
Tax on loss	6	<u>469</u>	<u>315</u>
LOSS FOR THE FINANCIAL YEAR		<u>(371)</u>	<u>(346)</u>

Valeo Air Management UK Limited

Other Comprehensive Income
for the Year Ended 31 December 2021

	Notes	31.12.21 £'000	31.12.20 £'000
LOSS FOR THE YEAR		(371)	(346)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(371)</u>	<u>(346)</u>

The notes form part of these financial statements

Statement of Financial Position
31 December 2021

	Notes	31.12.21 £'000	31.12.20 £'000
FIXED ASSETS			
Owned			
Tangible assets	7	-	156
Right-of-use			
Tangible assets		-	-
		-	156
CURRENT ASSETS			
Debtors ⁸		5,408	4,982
Cash at bank		1	-
		5,409	4,982
CREDITORS			
Amounts falling due within one year	9	(10,674)	(4,439)
NET CURRENT (LIABILITIES)/ASSETS		<u>(5,265)</u>	<u>543</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(5,265)</u>	<u>699</u>
CREDITORS			
Amounts falling due after more than one year	10	(30,845)	(36,438)
NET LIABILITIES		<u>(36,110)</u>	<u>(35,739)</u>

Statement of Financial Position - continued
31 December 2021

	Notes	31.12.21 £'000	31.12.20 £'000
CAPITAL AND RESERVES			
Called up share capital	11	128	128
Share premium		16,308	16,308
Retained earnings		<u>(52,546)</u>	<u>(52,175)</u>
SHAREHOLDERS' FUNDS		<u>(36,110)</u>	<u>(35,739)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8/12/2022 and were signed on its behalf by:

M A E Forissier - Director



Valeo Air Management UK Limited

Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2020	128	(51,829)	16,308	(35,393)
Total comprehensive income	-	(346)	-	(346)
Balance at 31 December 2020	128	(52,175)	16,308	(35,739)
Total comprehensive income	-	(371)	-	(371)
Balance at 31 December 2021	128	(52,546)	16,308	(36,110)

1. STATUTORY INFORMATION

Valeo Air Management UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

2. ACCOUNTING POLICIES - continued

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
 - the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
 - the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
 - the requirements of paragraph 24(6) of IFRS 6 Exploration for and Evaluation of Mineral Resources;
 - the requirements of IFRS 7 Financial Instruments: Disclosures;
 - the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
 - the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
 - the requirements of paragraph 58 of IFRS 16;
 - the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
 - the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
 - the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
 - the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
 - the requirements of IAS 7 Statement of Cash Flows;
 - the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
 - the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
 - the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
 - the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.
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2. ACCOUNTING POLICIES - continued

Going concern

The directors have a reasonable expectation that the company has more than adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The directors have obtained a letter of support from Valeo International Holding BV stating that Valeo International Holding BV will continue to support Valeo Air Management UK Limited in the payment of its debts as they fall due for the foreseeable future, and at least until 31 March 2020.

New standards, amendments and IFRIC interpretations

There have been no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the Company's financial statements.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee, the right-of-use asset is depreciated over the asset's remaining useful life.

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The directors consider there are no key judgements, estimates or assumptions concerning the future and other key sources of estimation uncertainty at the year-end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue Recognition

The company have adopted IFRS 15 for the Revenue recognition. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

2. ACCOUNTING POLICIES - continued

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property - Life of lease, 5 years

Plant and machinery - 8 years

Office equipment - 8 years

IT and other tangibles - between 3 and 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. **ACCOUNTING POLICIES – continued**

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

2. ACCOUNTING POLICIES - continued

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Foreign currency translation Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'interest receivable and similar income' or 'interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2. ACCOUNTING POLICIES – continued

Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. EMPLOYEES AND DIRECTORS

At the year-end, there were no employees as all have been transferred to other group companies.

Directors' remuneration

No remuneration was paid to the directors during either year.

The directors are directors of other group companies or play a role in group management. Their roles within the company are deemed to be incidental to their role as group directors and therefore the company has borne no cost in relation to the directors for the years ended 31 December 2020 and 31 December 2019.

Valeo Air Management UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.21	31.12.20
	£'000	£'000
Bank loan interest	380	480
Foreign exchange gain	(4)	2
	<u>376</u>	<u>482</u>

5. LOSS BEFORE TAXATION

The profit before taxation is stated after charging:

	31.12.21	31.12.20
	£'000	£'000
Fees for the audit of the Company	12	17
Depreciation	156	45
Profit/loss on disposal of fixed assets	-	17
	<u>-</u>	<u>17</u>

6. TAXATION

Tax on loss

	31.12.21	31.12.20
	£'000	£'000
Current tax on loss for the year	469	4
Adjustments in respect of previous periods	-	311
Total tax charge	<u>469</u>	<u>315</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in

the UK of 19.00% (2020: 19.00%). The differences are explained below:

	31.12.21	31.12.20
	£'000	£'000
Loss before tax	(840)	(661)
Loss multiplied by standard rate of corporation tax in the UK of 19.00%(2020:19.00%)	(160)	(126)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	12
Adjustments to tax charge in respect of prior periods	-	311
Amount surrendered as group relief	469	4
Amount not recognized	160	114
Non qualifying asset	-	-
Short term timing difference	-	-
Total current tax	<u>469</u>	<u>315</u>

7. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Total £'000
Cost As at 1st Jan 2021	308	308
Additions	-	-
Disposals/impairment	(308)	-
At 31 December 2021	-	308
Accumulated depreciation		
At 1 January 2021	152	386
Charge for the year	(152)	156
Eliminated on disposal	-	-
At 31 December 2021	-	308
Net book value		
At 31 December 2021	-	-
At 31 December 2020	156	156

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £'000	31.12.20 £'000
Income tax Group	5,400	4,936
Prepayments and accrued income	8	46
	<u>5,408</u>	<u>4,982</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21	31.12.20
	£'000	£'000
Bank loans and overdrafts	10,381	4,407
Trade creditors	2	2
Amounts owed to group undertakings	3	-
Other creditors	5	-
Accruals and deferred income	283	30
	<u>10,674</u>	<u>4,439</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.21	31.12.20
	£'000	£'000
Amounts owed to group undertakings	<u>30,845</u>	<u>36,438</u>

11. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid

	2021	2020
	£'000	£'000
12,789,693 (2018: 12,789,693) Ordinary shares of £0.01 (2018: £0.01)	128	128

12. ULTIMATE PARENT COMPANY

The directors regard Valeo (U.K.) Limited, a company registered in England and Wales as the immediate parent undertaking, as it holds 100% of the company's issued share capital.

The director regards Valeo SE, a company incorporated in France, as the ultimate parent undertaking and controlling party and parent of the smallest and largest groups to consolidate these financial statements. Copies of the group financial statements of Valeo SE may be obtained from 101 rue de Courcellès, 75017 Paris, France.