
FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

COMPANY INFORMATION

Directors	Philippe Alain Jean-Pierre Vienney Faurecia Exhausts International
Company secretary	Eversecretary Limited
Registered number	06163599
Registered office	Unit 5 Dove Close Fradley Park Lichfield Staffordshire WS13 8SU
Independent auditor	Mazars 45 Church Street Birmingham B3 2RT
Banker	HSBC City of London Corporate Office 8 Canada Square London E14 5XL
Solicitors	Eversheds Sutherlands LLP 1 Wood Sreet London EC2V 7WS

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

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FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31ST DECEMBER 2019

Introduction

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

As permitted by the Companies Act, certain items that are required to be included in the Directors' Report are included in the Strategic Report.

Faurecia Emissions Control Technologies UK Limited is part of the Faurecia Group of companies ("the Group").

Principal activities

The principal activities of the Company are the manufacture, distribution and research and development of motor vehicles exhaust systems and catalytic converters. There were no changes to the principal activities of the Company during the year under review and no changes are expected in the foreseeable future.

Business review

Product sales for 2019 are £58.5m, an increase of £4.1m over the prior year. Gross profit has increased from £11.3m to £12.5m (and gross profit % from 20.8% to 21.4%) and operating margin has increased from £3.5m to £4.4m. This is all on existing customer programmes. Gross profit has increased slightly due to efficiencies in the manufacturing process.

Future Developments

The company's unaudited management accounts for 2020 show a similar level of turnover and profit.

Financial position and liquidity

The financial position of the Company is presented in the Statement of financial position. The total net assets at 31 December 2019 were £4.1m (2018 : £39k). The Company had net current assets of £819k (2018 : net current liabilities of £3.0m).

The Company is part of the Faurecia group and participates in a cash pooling arrangement. The UK Group has committed ongoing bank loan facilities of £10m.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2019

Principal risks and uncertainties

Financial risk

The Company makes sales and purchases in several currencies and is thus exposed to foreign currency risk. There is a Group wide strategy in place to ensure that currency risks are appropriately managed on a global basis.

Competitive risk

In the short term the Company operates under exclusive fixed term contracts with its customers and therefore has limited exposure to competitive risk. However, renewal of the contracts is uncertain and based on financial and performance criteria.

Price risk

The Company has some exposure to commodity price risk. This risk is managed on a project by project basis by negotiating annual purchase agreements with key suppliers and by limited forward buying of certain commodities.

Legislative risks

The Company is committed to regulatory compliance to safeguard the safety of its employees and the environment and to ensure that its products meet quality standards.

ISO 18001 Health & Safety
ISO 14001 Environmental
TS 16949 Automotive Quality

Brexit Risk

The directors have considered the risk that Brexit may have for the Company, and have put solutions in place to ensure that business is impacted as little as possible by any potential outcome. The worst case scenario has been planned for with appropriate measures put in place to safeguard the existing business. Existing customer contracts underpin the ongoing trading of the Company for the near to medium term. Given the ongoing uncertainty, management do not consider it practical to consider any longer term implications that Brexit may bring.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2019

Directors' statement of compliance with duty to promote the success of the Company

Long-term decision making

The Company aims to bring value to its' ultimate shareholders by creating a sustainable and profitable business not just for today but in the long-term.

It is embedded in the culture of the Company to take pride in its operational excellence and to be reactive to the needs of its customers. We have a strong, performance-based culture grounded in robust principles – Being Faurecia, a cultural transformation program, launched by the Faurecia Group in 2014, helping to develop the entrepreneurship, autonomy and accountability of employees to ensure excellent performance from innovation to production. We believe that by encouraging mutual respect and leading by example in our industry, that we can mobilise the energy and passion of our employees to achieve ambitious goals.

The employability of the Company's employees is key to the long-term success of the Company – through lifelong learning, professional mobility and on the job training. The Company has extensive programs of apprenticeships, work/study, volunteers for international experience (VIE) and internships that provide the Company with a talent pool and provide on the job training and cultural integration. This in turn allows the Company to become a valued key player in the new automotive landscape, where the need to provide intelligent solutions for an enhanced and sustainable mobility future are paramount.

The Company aims to improve existing processes, using automation and technology, through listening to employees and the sharing of ideas with other Faurecia group companies. Capital investment is not only made at the start of a programme, but on a continuous basis leading to increased profitability, an often-safer working environment for our employees, and less waste. Investments in new items of plant are made where the payback period is clear, and the investment brings as many benefits as possible.

In an ever-changing world the Company understands that it must invest in the future, in new business models, and learning. At the same time, we need to maintain the confidence of both our customers and shareholders – through the delivering of short term financial and operational performance.

Over recent years, the Company has engaged in a strategic transformation of its operations – the emergence of collaborative robots (cobots) and Automated Guided Vehicles (AGVs) has led to a breakthrough in the automation of assemble and handling activities on the production line. The roll out of the Digital transformation programmes has enabled the speeding up of decision-making, improvements in quality and the smoother running of production lines. In turn this has helped optimise the production line and improve efficient to better meet the needs of our customers.

The Company also follows the Faurecia Groups "Faurecia Excellence System" – a system designed to continuously improve quality, cost, delivery and safety performance. This system enables the Company to draw on the Groups experience of best internal and external practices of lean manufacturing. No dividends have been paid by the Company during the current or previous year due to the need to reinvest profits into existing programmes.

Engagement with suppliers, customers and other key stakeholders

Governance at the Faurecia Group of Companies is provided by its Executive Committee and Board of Directors with the aim of determining and implementing the Groups' strategic direction.

New programmes are won and awarded to the Company by divisional sales teams within the Business Group the Company operates in. Day to day management of customer programmes is performed at Company level, with the Business Group overseeing performance and reporting to the Faurecia Board of Directors.

The Company works together with its customers to design and develop products tailored to individual brand needs. Once new programs move towards the production phase, program managers lead their teams to ensure that they meet the defined schedule, costs and level of quality.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2019**

The Company's aim is to provide high quality products to its customers, with as little reworking of goods as possible. Good relationships with customers will lead to the awarding of more business in the future, which will in turn, ensure the long-term profitability of the Company.

Suppliers are paid in accordance with agreed terms of business to ensure that undue pressure is not placed on their cashflows or the risk of putting the end customer on stop is not increased unnecessarily.

Supplier relationships are guided by the principles of respect and partnership with a view to creating long term value for both parties - suppliers are often mandated but are chosen so as ensure the quality of the end product meets customer requirements.

Employee engagement and interests

The Company employs people primarily from the local area, whose health, safety and well-being in the workplace is of prime concern.

The Company's policy is to consult and discuss with employees matters likely to affect their interests through unions, staff councils and meetings. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

The Company recognises that the contribution made by its employees is crucial to the success of the business. Substantial investment is made in the training, development and motivation of employees with particular attention to ensuring customer satisfaction through the consistent achievement of high standards of service and delivery of quality products. Employee involvement in the direction and objectives of the business is encouraged through the use of incentive schemes to focus employees on key performance indicators. Communication and consultation programmes exist at site and Company level. The Company endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for all employees regardless of sex, family status, religion, creed, colour, ethnic origin, age, disability or sexual orientation.

Any employee can voice their opinion, criticism, alternative suggestion or report a violation without fear of personal consequences and in complete transparency.

The Company considers applications for employment from disabled persons where the candidate's particular aptitude and abilities meet the requirements of the job. Opportunities for training, career development and promotion are available to disabled employees. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same position or an alternative position and to provide appropriate training to achieve this.

Impact of the Company's operations on the wider community and environment

The Company is a member of the community in which it operates and intends to take action to help cap the global rise in temperature by reducing its carbon footprint, recognising that air pollution is an increasing threat to not only the health of employees, but of all people.

Excess raw material waste is, where possible, sold back to suppliers so that it can be recycled, this, in turn, benefits the environment, by reducing land fill.

Any water used in the production process is recycled where possible so as to minimise usage, and its disposal is carefully managed so as to not pollute the local water supply.

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company complies with all applicable legislation and regulations.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2019**

This report was approved by the board on 27th April 2020

and signed on its behalf.



Philippe Alain Jean-Pierre Vienney
Director
Company reg no: 06163599

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £4.1m (2018 - £3.1m).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

Philippe Alain Jean-Pierre Vienney
Faurecia Exhausts International

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

The current uncertainty regarding the global spread and economic consequences of the COVID-19: Corona Virus pandemic makes it impossible to make an accurate forecast of the Company's performance for the year ended 31 December 2020, however, it is clear that;

- New car sales will be significantly impacted Worldwide
- The Company's sales for 2020 will, as a consequence, be significantly lower than in 2019, but to be able to accurately quantify the impact at the present time is impossible

In order to support the business in these difficult times Government aid has been sought to help pay employees. In addition, the Company meets its day to day working capital requirements through cash reserves and, where required, through a Group Bank overdraft facility and borrowings from its parent undertaking.

The directors have confirmed that adequate financial support will be available from the Company's parent undertakings for a period of at least 12 months from the date of approval of these financial statements, should it be required, and that sufficient cash reserves are available for use by the Company. Accordingly, the directors believe that it is appropriate to prepare these financial statements on a going concern basis.

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

Research and development activities

The Company does not carry out any research and development activities.

Engagement with suppliers, customers and others

The Company has included its policy on engagement with suppliers, customers and others within the Directors' Statement of Compliance in the Strategic report.

Employee engagement and interests

The Company has included its policy on employee engagement and interests within the Directors' Statement of Compliance in the Strategic report.

Qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its' directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. This qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Since the year end the Company has been impacted by the Worldwide Covid-19 Corona Virus. This has resulted in the end customer being shut down and ultimately, our plant. The results of the Company will be impacted by lost sales – the quantification of which at the present time is difficult to gauge. This is a non adjusting event.

Auditors

The auditors, Mazars, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 27th April 2020 and signed on its behalf.



Philippe Alain Jean-Pierre Vienney
Director
Company reg no: 06163599

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAURECIA EMISSIONS CONTROL
TECHNOLOGIES UK LIMITED

Opinion

We have audited the financial statements of Faurecia Emissions Control Technologies UK Limited (the 'Company') for the year ended 31st December 2019, which comprise the statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 7, and the consideration in the going concern basis of preparation on page 7 and non- adjusting post balance sheet events on page 7..

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAURECIA EMISSIONS CONTROL
TECHNOLOGIES UK LIMITED (CONTINUED)**

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinion 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.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED (CONTINUED)

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 Strategic report or the Directors' report.

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

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

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

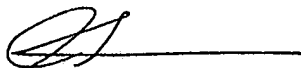
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAURECIA EMISSIONS CONTROL
TECHNOLOGIES UK LIMITED (CONTINUED)



Louis Burns (Senior statutory auditor)

for and on behalf of
Mazars

45 Church Street
Birmingham
B3 2RT

Date: 30/04/2020

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 as restated £000
Turnover	4	58,497	54,381
Cost of sales		(46,007)	(43,070)
Gross profit		12,490	11,311
Administrative expenses		(8,051)	(7,847)
Operating profit	5	4,439	3,464
Interest receivable and similar income	8	23	73
Interest payable and expenses	9	(290)	(361)
Profit before tax		4,172	3,176
Tax on profit	10	(122)	(31)
Profit for the financial year		4,050	3,145
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Total comprehensive income for the year		4,050	3,145

The notes on pages 18 to 36 form part of these financial statements.

IFRS 16 was adopted on 1 January 2019 for statutory reporting, without restating prior year figures. As a result, the primary statements are shown on an IFRS 16 basis for 2019 and an IAS 17 basis for 2018.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED
REGISTERED NUMBER: 06163599

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

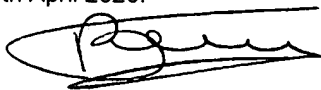
	Note	2019 £000	2018 as restated £000
Fixed assets			
Tangible assets	11	5,082	3,069
		<u>5,082</u>	<u>3,069</u>
Current assets			
Stocks	12	3,501	3,684
Debtors: amounts falling due within one year	13	12,007	10,152
Cash at bank and in hand	14	4,859	7,707
		<u>20,367</u>	<u>21,543</u>
Creditors: amounts falling due within one year	15	(19,548)	(24,571)
Net current assets/(liabilities)		<u>819</u>	<u>(3,028)</u>
Total assets less current liabilities		<u>5,901</u>	<u>41</u>
Creditors: amounts falling due after more than one year	16	(1,812)	-
		<u>4,089</u>	<u>41</u>
Provisions for liabilities			
Other provisions		-	(2)
		<u>-</u>	<u>(2)</u>
Net assets		<u>4,089</u>	<u>39</u>
Net assets		<u><u>4,089</u></u>	<u><u>39</u></u>

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED
REGISTERED NUMBER: 06163599

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Capital and reserves			
Called up share capital	20	1,518	1,518
Share premium account	21	15,986	15,986
Profit and loss account	21	(13,415)	(17,465)
		<u>4,089</u>	<u>39</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27th April 2020.



Philippe Alain Jean-Pierre Vienney
Director
Company reg no: 06163599

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1st January 2019	1,518	15,986	(17,465)	39
Comprehensive income for the year				
Profit for the year	-	-	4,050	4,050
Other comprehensive income for the year	-	-	-	-
Total transactions with owners	-	-	-	-
At 31st December 2019	1,518	15,986	(13,415)	4,089

The notes on pages 18 to 36 form part of these financial statements.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1st January 2018	1,518	15,986	(20,610)	(3,106)
Comprehensive income for the year				
Profit for the year	-	-	3,145	3,145
Other comprehensive income for the year	-	-	-	-
Total transactions with owners	-	-	-	-
At 31st December 2018	1,518	15,986	(17,465)	39

The notes on pages 18 to 36 form part of these financial statements.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

1. Authorisation of Financial Statements and Statement of Compliance with FRS 101

Faurecia Emissions Control Technologies UK Ltd ('the Company') is a private Company limited by share capital, incorporated and domiciled in England and Wales. The address of its registered office is Unit 5 Dove Close, Fradley Park, Lichfield, WS13 8SU.

These financial statements of Faurecia Emissions Control Technologies UK Limited for the year ended 31 December 2019 were authorised for issue by the Board of directors and the balance sheet was signed on the Board's behalf by Patrick Vienney.

These financial statements were prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are individual entity financial statements, are presented in GBP and all values are rounded to the nearest thousand pound (£000) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out below.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company has applied the new standard IFRS 16 in respect of leases from 1 January 2019, using the modified retrospective method (with no restatement of comparative period reported amounts).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- 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 IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- 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 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, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- 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;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 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 paragraph 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, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

For certain disclosure exemptions listed above, the equivalent disclosures are included in the consolidated financial statements of the ultimate parent company, as set out in note 23.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due. The Company meets its day to day working capital requirements through cash reserves and, where required, through a Group Bank overdraft facility and borrowings from its parent undertaking. The directors have confirmed that adequate financial support will be available from the Company's parent undertakings for a period of at least 12 months from the date of approval of these financial statements, should it be required, and that sufficient cash reserves are available for use by the Company. Accordingly, the directors believe that it is appropriate to prepare these financial statements on a going concern basis

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1st January 2019.

This standard replaces IAS 17 and the linked interpretations IFRIC 4, SIC 15 and SIC 27. IFRS16 may be adopted using either the full retrospective method, involving a restatement of comparatives or the modified retrospective method, allowing an adjustment through retained earnings on the date of transition and no restatement of comparative balances.

As a lessee, the accounting is based on a single model, resulting from the cancellation of the distinction between operating lease and finance lease contracts. The application of IFRS 16 has meant that all lease contracts, meeting the relevant criteria for this standard, are accounted for in the statement of financial position, via the creation of an asset (representing the right to use the leased asset for the duration of the contract) and a corresponding liability (representing the obligation to pay future lease payments).

The most significant lease contracts are for buildings, with annual lease payments either being fixed for the duration of the contract or containing annual increases linked to inflation.

The main principles considered are;

- the modified retrospective method of adoption (with no restatement of 2018 comparative period figures) has been applied
- the exemption has been taken, under IAS 17 and IFRIC 4, not to revalue exiting contracts the lease liability is valued at the discounted value of lease payments due as at 1st January 2019
- the asset (right of use asset) at the transition date, is equal to the corresponding lease liability of the lease contract
- the discount rate used, in the absence of an implicit rate, is the marginal borrowing rate corresponding to the duration of the lease, following the IFRS IC September 2019 decision.

In addition, the following general principles have been applied;

- contracts with a duration of less than 12 months, or whose value (total amount of discounted lease payments) is below €5,000 have been exempted
- the duration of a contract is taken as it's non-cancellable duration, except if the Company is

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations (continued)

reasonably certain to exercise any renewal or cancellation options contractually agreed. as of the lease effective date (being the date at which the leased asset is made available by the lessor), lease contracts, as defined by IFRS 16 are accounted for;

- as fixed assets (right of use) for the amount of the lease liability, increased by advanced payments made to lessor, initial costs incurred, as well as estimated dismantling or refurbishment costs that would be paid by Faurecia based on contractual terms if needed, and as a lease liability for the amount of discounted lease payment over the contract duration as defined above, using the discount rate defined above
- these right of use assets are depreciated on a linear basis, on the contract duration or by exception on the utility duration, if this one is shorter or if the contract transfers to the lessee the asset property or if a purchase option exists which is reasonably certain to be exercised by the Company.

2.5 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 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Tooling

For the sale of tooling, sales are recognised once validation of the technical stages had been validated by the customer. If no such technical stages were provided for in the contract, sales are recognised when the related work is completed or the tooling delivered. Tooling revenue is recognised once the transfer of control passes to the customer, usually shortly before the start of serial production.

2.7 Interest income

Interest income is recognised in the Income statement using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Income statement 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.

2.9 Borrowing costs

All borrowing costs are recognised in the Income statement in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

2. Accounting policies (continued)

2.11 Taxation

The tax expense for the year comprises current and deferred tax. 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 reporting date in the countries where the Company operates and generates income.

2.12 Deferred income tax

Deferred tax balances are recognised in respect of all timing differences that have originated, but not reversed by the Statement of Financial Position 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.

2.13 Tangible fixed assets

Tangible fixed 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

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	- Over 25 years
Plant and machinery	- 3 - 10 years
Assets under construction	- Not depreciated until brought into use

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.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 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.

2.16 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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 Prior year restatement

Cost of sales and administrative expenses have been reallocated this year to better reflect management reports. The prior year figures have as such been restated. Cost of sales now shows £43,070k (previously £43,842k) and administrative expenses £7,847 (previously £7,075k). There has been no change to the overall profit for the prior year. This is in line with IFRS reporting standards.

3. 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 revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Deferred tax assets

Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Estimated useful lives of property and equipment

The annual depreciation charge is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Right of use assets

Judgement is required to determine the discount rate used to calculate the present value of the lease liability for right of use assets. In instances where the discount rate is not implicit in the lease contract, then the marginal borrowing rate corresponding to the duration of the lease contract is used. This ranges from 1.43% (1 year lease) to 1.87% (5 year lease).

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

4. Turnover

An analysis of turnover by class of business is as follows:

	2019	2018
	£000	£000
Exhaust system sales	54,356	45,780
Tooling sales	4,141	8,601
	58,497	54,381

Analysis of turnover by country of destination:

	2019	2018 as
	£000	restated
		£000
United Kingdom	51,476	43,703
Rest of Europe	6,208	10,459
Rest of the world	813	219
	58,497	54,381

5. Operating profit

The operating profit is stated after charging/(crediting):

	2019	2018
	£000	£000
Depreciation of tangible fixed assets	604	423
Operating lease rentals - land and buildings	212	261
Operating lease rentals - other	38	11
Exchange differences	(201)	70
Defined contribution pension cost	116	109

During the year, no director received any emoluments (2018 £NIL). Although the directors were remunerated by another group company, the proportion of their time relating to Faurecia Automotive Seating UK Limited is considered to be such that any apportionment of salary costs would be trivial.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

6. Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor	26	43
	<u>26</u>	<u>43</u>

7. Employees

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	3,647	3,342
Social security costs	338	334
Cost of defined contribution scheme	116	109
	<u>4,101</u>	<u>3,785</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Manufacturing	48	55
Administration	47	48
	<u>95</u>	<u>103</u>

8. Interest receivable

	2019 £000	2018 £000
Interest receivable from group companies	23	73
	<u>23</u>	<u>73</u>

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

9. Interest payable and similar expenses

	2019 £000	2018 £000
Loans from group undertakings	204	361
Interest expense for leasing arrangements	86	-
	<u>290</u>	<u>361</u>

10. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	55	14
Adjustments in respect of previous periods	-	2
	<u>55</u>	<u>16</u>
Total current tax	<u>55</u>	<u>16</u>
Deferred tax		
Origination and reversal of timing differences	67	20
Adjustment in respect of prior periods	-	(5)
	<u>67</u>	<u>15</u>
Total deferred tax	<u>67</u>	<u>15</u>
Taxation on profit on ordinary activities	<u>122</u>	<u>31</u>

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	4,172	3,176
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	793	603
Effects of:		
Expenses not deductible for tax purposes	15	14
Adjustments to tax charge in respect of prior periods	-	(3)
Effect of differences between standard rate of tax and deferred tax rate	(80)	(64)
Deferred tax not previously recognised	(606)	(519)
Total tax charge/(credit) for the year	122	31

Factors that may affect future tax charges

A reduction of the tax rate to 17% (effective 1 April 2020) was announced in the Chancellor's 2016 budget and was substantively enacted on 6 September 2016. In the March 2020 budget, it was announced that the reduction to 17% will not be actioned, the tax rate remaining at 19%.

Deferred Tax

A deferred tax asset amounting to £225k (2018 : £831k) relating to part of the unrelieved trading losses has not been recognised in the financial statements because management are uncertain of the timing of future taxable profits.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

11. Tangible fixed assets

	Long-term leasehold property £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 January 2019	529	3,819	583	4,931
Additions	-	-	308	308
Additions - right-of-use assets	2,072	237	-	2,309
Transfers between classes	205	642	(847)	-
At 31st December 2019	<u>2,806</u>	<u>4,698</u>	<u>44</u>	<u>7,548</u>
Depreciation				
At 1 January 2019	315	1,547	-	1,862
Charge for the year on owned assets	54	428	-	482
Charge for the year on right-of-use assets	58	64	-	122
Transfers between classes	150	(150)	-	-
At 31st December 2019	<u>577</u>	<u>1,889</u>	<u>-</u>	<u>2,466</u>
Net book value				
At 31st December 2019	<u>2,229</u>	<u>2,809</u>	<u>44</u>	<u>5,082</u>
At 31st December 2018	<u>214</u>	<u>2,272</u>	<u>583</u>	<u>3,069</u>

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of financial position is as follows:

	2019 £000
Tangible fixed assets owned	2,895
Right-of-use tangible fixed assets	2,187
	<u>5,082</u>

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

11. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2019 £000
Long-term leasehold property	2,015
Plant and machinery	172
	<u>2,187</u>

Depreciation charge for the year ended

	2019 £000
Long-term leasehold property	(58)
Plant and machinery	(64)
	<u>(122)</u>

12. Stocks

	2019 £000	2018 £000
Raw materials and consumables	2,834	2,470
Work in progress (goods to be sold)	83	103
Finished goods and goods for resale	584	1,111
	<u>3,501</u>	<u>3,684</u>

Stock consumption during the year was £31.9m (2018: £26.6m).

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

13. Debtors

	2019 £000	<i>2018 as restated £000</i>
Trade debtors	10,054	7,312
Amounts owed by group undertakings	541	1,611
Other debtors	174	176
Prepayments and accrued income	320	68
Deferred taxation	918	985
	<u>12,007</u>	<u>10,152</u>

14. Cash and cash equivalents

	2019 £000	<i>2018 as restated £000</i>
Cash at bank and in hand	4,859	7,707
	<u>4,859</u>	<u>7,707</u>

Cash at bank and in hand represents amounts held by group undertakings, having the same liquidity as cash, and being able available to the Company at any time, meeting the requirements in IFRS reporting standards to be disclosed as cash. Interest is calculated at 3.5% above LIBOR.

In the previous year this balance was included within amounts owed by group undertakings.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

15. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	5,411	5,461
Amounts owed to group undertakings	9,363	15,571
Corporation tax	10	14
Other taxation and social security	2,133	1,947
HP liabilities and finance leases	385	3
Other creditors	315	200
Accruals and deferred income	1,931	1,375
	<u>19,548</u>	<u>24,571</u>

Amounts owed to group undertakings are trading balances only.

16. Creditors: Amounts falling due after more than one year

	2019	2018
	£000	£000
Lease liabilities	1,812	-
	<u>1,812</u>	<u>-</u>

17. Hire purchase and finance leases

Future minimum lease payments are analysed as follows;

Within one year	385	3
Between 1-5 years	1,362	-
Over 5 years	450	-
	<u>2,197</u>	<u>3</u>

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

18. Transition to IFRS16

	2019 £000
Undiscounted future minimum lease payments under operating leases at 31 December 2018	3,260
Impact of discounting	(694)
Short term leases	(304)
Other reconciling items	(8)
Finance lease liability at 31 December 2018	3
Finance lease liability at 1 January 2019	2,257

Under the modified retrospective transition method, lease payments were discounted at 1 January 2019 using the rate implicit in the lease or the marginal rate of borrowing, if not present.

The Company has applied the practical expedient to classify leases for which the lease term end within 12 months of the date of initial application of IFRS16 as short term leases.

Amounts recognised in the 2019 Statement of financial position and comprehensive income are as follows;

	Land & buildings £'000	Plant & Machinery £'000	Total £'000	Lease Liability £'000
01 January 2019	2,072	185	2,257	(2,257)
New leases	-	52	52	(52)
Amount charged to operating profit - depreciation charge	58	64	122	-
Amount posted to interest costs - interest charge				(86)
Lease payments made during the year				2,226
31 December 2019	2,130	301	2,431	(169)
of which, Creditors: amounts falling due withing one year				(72)
of which, Creditors: amounts falling due after one year				(97)
				(169)

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

19. Deferred taxation

	2019 £000
At beginning of year	985
Charged to income statement	(67)
At end of year	918

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	166	234
Other timing differences	2	1
Tax losses carried forward	750	750
	918	985

20. Share capital

	2019 £000	2018 £000
Authorised		
1,600,000 (2018 - 1,600,000) Ordinary shares of £1 each shares of £1.00 each	1,600	1,600
Allotted, called up and fully paid		
1,518,000 (2018 - 1,518,000) Ordinary shares of £1 each shares of £1.00 each	1,518	1,518

21. Reserves

Share premium account

The Share premium account constitutes of the premium paid, over and above the nominal value of the ordinary shares at their date of issue.

Profit and loss account

The profit and loss account is made up of historical profits up to the date of the Statement of Financial Position.

FAURECIA EMISSIONS CONTROL TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

22. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £116k (2018: £109k). Contributions totalling £9k (2018: £6k) were payable to the fund at the reporting date and are included in creditors.

23. Related party transactions

The Company has taken advantage of the exemption in IAS24 paragraph 17 and 18A related party disclosures not to disclose any related party transactions.

24. Controlling party

The immediate parent undertaking of the Company is ET DUTCH HOLDINGS, B.V, a Company incorporated in Netherlands, which is the parent undertaking of the smallest group to consolidate these accounts.

The ultimate parent Company and ultimate controlling party is Peugeot SA, which is incorporated in France and is the parent undertaking of the largest group to consolidate these accounts. Copies of the financial statements of the ultimate parent Company are available from the Secretary, Peugeot SA, 75 Avenue de la Grande Armée, Paris, France.