

REGISTERED NUMBER: 00956685 (England and Wales)

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2019

for

Valeo Service UK Limited



Valeo Service UK Limited (Registered number: 00956685)

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for the Year Ended 31 December 2019

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Valeo Service UK Limited

Company Information
for the Year Ended 31 December 2019

DIRECTORS:

M A Y Gazeau
M Schonlank
A W Swann

REGISTERED OFFICE:

Heming Road
Washford
Redditch
Worcestershire
B98 0DZ

REGISTERED NUMBER:

00956685 (England and Wales)

AUDITOR:

Mazars LLP
45 Church Street
Birmingham
B3 2RT

SOLICITORS:

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

Valeo Service UK Limited (Registered number: 00956685)

Strategic Report
for the Year Ended 31 December 2019

The directors present the Strategic Report of Valeo Service UK Limited (the "Company") for the year ended 31 December 2019.

REVIEW OF BUSINESS

The principal activity of the Company is the supply of components to the automotive aftermarket.

Turnover in the year under review was £31.7m compared with £37.7m last year, reflecting the market conditions experienced during the financial year. Gross margin was 22.85% compared with 20.04% in the previous year post the impacts of 'Brexit' reflecting the unfavourable exchange rate of GBP to Euro in the latter half of the financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

The business and its adopted strategies are subject to a number of risks. The Company is a subsidiary of a French listed automotive Company. The key business risks and uncertainties affecting the Company are increasing competition from low cost countries and rapid consolidation in the automotive after supply market driving prices down. Continued capital investment and adoption of modern distribution techniques helps to mitigate threats from low cost countries. The worldwide group's engineering capabilities and resource are key factors in maintaining market share and meeting the widely varying component requirements of our customers.

BREXIT AND COVID-19 CORONAVIRUS

The impacts of Brexit and COVID-19 coronavirus are as follows:

The director recognises the challenges the Company will face due to Brexit and are continuously analysing the scenarios and putting in place all the necessary measures to make sure the company does not incur any major impact after Brexit. The directors have reasonable expectation that Brexit will not have any major negative impact on the Business.

Since the reporting date the growth of the COVID-19 pandemic across the world has led to significant uncertainty in relation to the impact it may have on our industry and the economy in general. Given the impending liquidation of the company, and the statutory account being prepared on a break-up basis, the director does not think this will impact the company.

STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE - SECTION 172

In accordance with our responsibilities and duties under section 172 of the Companies Act 2006, the following outlines our engagement with our stakeholders:

Customers

Customer focus is one of the Company's core values. The Company recognises that to thrive and succeed in a fast-changing competitive environment, it must regularly listen to the voice of its clients and adapt to rapidly address their issues and changing needs.

Staying close to our customers

- Our international sales network of nearly 700 sales directors and employees looks after day-to-day customer relations and defines Group sales strategies for each Product Group.
- Our Group Customer Directors work closely and coordinate all relations with a particular automaker to meet the customer's needs across all Business Groups.
- Our 12 National Directorates act as Valeo ambassadors responsible for promoting the brand, developing relationships with key customers and resolving legal or employment issues in specific geographic areas.
- Our international development directors identify market opportunities in high-growth countries, define growth strategies for each Business Group and manage external relations.

Suppliers and partners

Valeo's purchasing strategy is simple: to seek out the most competitive, innovative and best-performing suppliers. We then rigorously vet each new supplier using a total quality and innovation approach through our internal processes which include, but is not restricted to, sound financial records, strict adherence to the Valeo Business Partner Code of Conduct and strong contribution in assessment audits.

We develop close partnerships with those that come out on top according to our policies and award our partners fairly and equally through weekly committee meetings.

Just like us, our customers are always raising the bar in terms of quality and service. To maintain the highest standards in the world, we place strict demands on all our suppliers and involve them in a continuous improvement process, including:

- Maximum responsiveness
- Rapid resolution of warranty issues
- A positive attitude

We select the best suppliers and ensure they commit to continuous improvement by implementing:

- Rigorous selection processes thanks to our EVAL tools questionnaire and business allocation committees
- Qualification systems that incorporate process audits and product approval systems
- Ongoing monitoring that categorizes suppliers using a performance assessment grid and preferred supplier questionnaire

Employees

As a responsible global employer present in 33 countries, Valeo's human resources strategy forms part of its sustainable development policy and centers around human capital development, workplace health and safety, employee engagement and well-being, attracting new talents as well as promoting diversity.

Workplace health and safety

We work to ensure an accident-free environment for employees that meets high health and safety standards, through external systematic audits and continuous assessment of safety performance.

Engagement

Promoting social dialogue to cultivate adaptability, through working councils and formal bodies representing employees and unions.

Corporate culture that values diversity

Valeo firmly believes in the importance and relevance of broader diversity at all levels and in every profession within the company, not only as a question of social responsibility, but also as a tool for performance. We keep diversity in mind when attracting, integrating and retaining new engineers and managers.

Within the Group, we understand and take advantage of the impact of diversity while using mobility solutions by, for example, creating cross-country working groups on digitalization and sustainability.

Considered as a key factor for sustainable growth, diversity is without a doubt, an integral part of the Valeo culture. We actively promote:

- Gender diversity - Promoting the robust presence of women throughout all levels of our organization
- Disability diversity - Promoting the employment of people with disabilities
- Generational diversity - Fostering an environment in which four generations can work together
- Cultural and social diversity - Recognizing cultural and social diversity as a performance factor that should be nurtured and structured

Corporate Social Responsibility (CSR) Training

Since 2016, following the decision of the European Works Council to tackle the issue of deploying sustainability and CSR principles, Valeo put in place a robust CSR training program in each country where we operate. Managers and labor representatives gathered together during this training to discuss and exchange opinions on promoting sustainability at each site.

Diversity

In 2018, a new Group approach known as the "Disability Management Approach" was implemented. This organization is aimed at the inclusiveness of workers with disabilities. From now on, and based on the existing French model, a duo of disability liaison officers is present on each site. Composed of an employee from Human Resources and a volunteer employee, they have an advisory role for employees identified as workers with disabilities, and oversee their needs.

Society and environment

Environmental performance

Based on our past results and identified scope for improvement, we intend to continue reducing our environmental footprint through 2020 by improving the environmental performance of our processes in the following ways:

Improving energy efficiency in production

We constantly seek to improve energy and resource consumption during production by consistently reviewing our processes and implementing individual site initiatives (such as eco-efficient lighting, insulation and heating systems). In 2015, we launched new energy efficiency projects on 70 sites. We continue to work on reducing our carbon footprint in all production processes.

Reducing water use

We strive to optimize and control our water consumption, reduce the risk of polluting supply sources and ensure good quality water for our staff through monitoring and recycling systems.

Respecting biodiversity

We work to limit our impact on biodiversity by adhering to our "Biodiversity" Directive which lays down guidelines for measures to adopt during the selection, construction, operation and closure of plants.

Reducing waste

We work to limit the production of waste and recycle waste when possible. Each production site is required to manage waste treatment to limit its impact on the receiving environment.

Our goal: to reduce waste production as a proportion of sales by 5% between 2016 and 2020.

Optimizing transportation and logistics

We work to limit emissions related to logistics and transportation by designing our transportation strategy in the most energy-efficient way possible. We also aim to limit our packaging consumption via partnership with suppliers and customers.

Favouring eco-design

When we develop a new product, we bring different people and competencies together, working to assess and limit the environmental impact of a product during its lifetime (via life-cycle analysis), from design to recyclability. In order to achieve this, Valeo's eco-design process aims at improved recyclability, less consumption of raw materials, the use of new materials that enable weight reduction, less pollution during re-treatment, as well as high safety and security standards.

Sustainable development is central to who we are and our mission. It is embedded in our DNA.

Valeo Service UK Limited (Registered number: 00956685)

Strategic Report
for the Year Ended 31 December 2019

As a technology company, we create innovative products and systems that help protect the environment, reduce CO2 and other greenhouse gas emissions and promote the development of intuitive, connected and more autonomous driving. We are committed to a growing in a sustainable way that is beneficial for our employees, the environment and society as a whole.

Our commitment to sustainability

Our commitment to protecting the environment is reflected in our eco-responsible innovation for new products, environmentally-efficient industrial processes, and our work with suppliers towards sustainability goals. In addition, our priorities include ensuring the health and safety of our employees, creating a culturally diverse workforce, and promoting social dialog and open discussions with institutions.

Our sustainable development goals

As a corporate citizen of the world and key industrial player, Valeo has been committed since 2008 to the United Nations Global Compact. We ensure that our actions and policies reflect our continuous commitment to the ten principles of the Global Compact.

Valeo is also one of the top-scoring companies in corporate sustainability in its industry. We qualified for inclusion in RobecoSAM's "The Sustainability Yearbook" - the world's most comprehensive publication on corporate sustainability - and received the Gold Class and Industry Mover distinction for excellent sustainability performance.

Valeo ranked 5th French most sustainable French company and 29th globally in "Global 100 Most Sustainable Corporations in the World" index in 2019.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the Company's directors are of the opinion that the KPI's are reflected within the financial statements and a more defined analysis is not necessary for an understanding of the development, performance or position of the business.

ON BEHALF OF THE BOARD:



A W Swann - Director

Date: 3-12-20

Valeo Service UK Limited (Registered number: 00956685)

Report of the Directors
for the Year Ended 31 December 2019

The directors present their annual report and the audited financial statements of Valeo Service UK Limited (the "Company") for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £190k (2018: £ 53k).

No dividends were paid in the year and the directors do not recommend a final dividend (2018: £nil).

Going concern

Against the current economic outlook the performance of the Company is expected to be maintained through the remainder of 2019 and into 2020. The Company is cash generative and liquidity will be strengthened over this period.

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.

Qualifying third party indemnity provisions

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all the company's directors.

Future developments

Valeo Service, part of the Valeo Group, is the automotive aftermarket specialist worldwide. Valeo Service commitment is to care for you and your customers' vehicles (passenger cars and industrial vehicles) long after they have left the production floor.

The Company will continue to expand its present product portfolio with future developments, adding a new range of Clutch Hydraulic following the acquisition of FTE by Valeo Group, with an ambition to reach more customers with its already extensive product portfolio in the independent automotive market. FTE products portfolio is already in the market through Valeo service and in future more product lines will be added to meet the customer demand.

Valeo Service UK Limited (Registered number: 00956685)

Report of the Directors
for the Year Ended 31 December 2019

4 key markets structure our offer: Repair, Maintenance, Crash, Accessories.

For each, Valeo Service provides a full array of services, of Original Equipment Spares (OES) to manufacturers and replacement parts and accessories to the Independent Aftermarket (IAM).

Our 4 Pillars

- Products with a price-performance ratio adapted to the Aftermarket
- A technical support program to hone your skills, even on the most cutting-edge technologies
- Customized supply chain solutions to meet your needs and product requirements
- Digital and trade marketing activities to support the growth of your sales

Financial risk management

The Company's operations expose it to a number of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk. The group has in place a risk management policy that includes the principle of minimising finance costs from short-term borrowings via the monitoring of cash balances and working capital requirements.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department as required.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit risk is managed by close attention to credit control procedures and ultimately any risk is significantly mitigated by debtor insurance.

Liquidity risk

The Company actively manages its working capital requirements to ensure it has sufficient funds for its operations. The Company is funded by the worldwide group and by bank lenders.

Foreign exchange risk

The Company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of material payments in a foreign currency where appropriate.

Valeo Service UK Limited (Registered number: 00956685)

Report of the Directors
for the Year Ended 31 December 2019

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

M A Y Gazeau
M Schonlank
A W Swann

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 have been followed, comprising FRS 101, 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.

Valeo Service UK Limited (Registered number: 00956685)

Report of the Directors
for the Year Ended 31 December 2019

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

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 has caused widespread disruption to normal patterns of business activity across the world, including the United Kingdom.

However, trading in core activities has continued to date as the directors and management of the business have worked hard to mitigate any potential disruption. The impact of COVID-19 is considered to be a non-adjusting post balance sheet event.

ON BEHALF OF THE BOARD:



.....
A W Swann - Director

Date: 03/12/2020

Opinion

We have audited the financial statements of Valeo Service UK Limited (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Profit and Loss, Statement of 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 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 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.

Emphasis of matter

Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the group's 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 2, and the consideration in the going concern basis of preparation on page 23 and non-adjusting post balance sheet events on page 40.

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 United Kingdom.

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.

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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Strategic Report or the Report of the Directors.

In 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 and 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 specific 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 nine, 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 a Report of the Auditors 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 Report of the Auditors.

Report of the Independent Auditors to the Members of
Valeo Service UK Limited (Registered number: 00956685)

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
45 Church Street
Birmingham
B3 2RT

Date: 11 December 2020.....

Valeo Service UK Limited (Registered number: 00956685)

Statement of Profit and Loss
for the Year Ended 31 December 2019

	Notes	31.12.19 £'000	31.12.18 £'000
TURNOVER	4	31,723	37,702
Cost of sales		<u>(24,474)</u>	<u>(30,146)</u>
GROSS PROFIT		7,249	7,556
Distribution costs		<u>(2,681)</u>	<u>(2,701)</u>
Administrative expenses		<u>(4,074)</u>	<u>(4,718)</u>
OPERATING PROFIT		494	137
Interest receivable and similar income	6	78	110
Interest payable and similar expenses	7	<u>(254)</u>	<u>(171)</u>
PROFIT BEFORE TAXATION	8	318	76
Tax on profit	9	<u>(128)</u>	<u>(23)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>190</u>	<u>53</u>

The notes form part of these financial statements

Valeo Service UK Limited (Registered number: 00956685)

Statement of Other Comprehensive Income
for the Year Ended 31 December 2019

	Notes	31.12.19 £'000	31.12.18 £'000
PROFIT FOR THE YEAR		190	53
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>190</u>	<u>53</u>

The notes form part of these financial statements

Valeo Service UK Limited (Registered number: 00956685)

Statement of Financial Position

31 December 2019

	Notes	31.12.19 £'000	31.12.18 £'000
FIXED ASSETS			
Owned			
Intangible assets	10	26	105
Tangible assets	11	1,462	1,611
Right-of-use			
Tangible assets	11, 15	36	-
		<u>1,524</u>	<u>1,716</u>
CURRENT ASSETS			
Stocks	12	4,354	5,142
Debtors	13	3,784	6,028
Cash at bank		<u>17,544</u>	<u>14,815</u>
		25,682	25,985
CREDITORS			
Amounts falling due within one year	14	<u>(7,647)</u>	<u>(8,332)</u>
NET CURRENT ASSETS		<u>18,035</u>	<u>17,653</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,559</u>	<u>19,369</u>

The notes form part of these financial statements

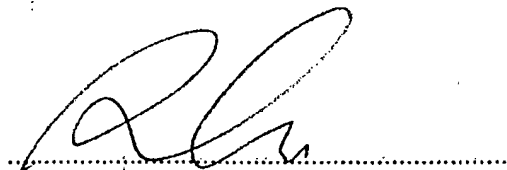
Valeo Service UK Limited (Registered number: 00956685)

Statement of Financial Position - continued

31 December 2019

	Notes	31.12.19 £'000	31.12.18 £'000
CAPITAL AND RESERVES			
Called up share capital	16	1,315	1,315
Share premium		75	75
Other reserves		77	77
Retained earnings		<u>18,092</u>	<u>17,902</u>
SHAREHOLDERS' FUNDS		<u>19,559</u>	<u>19,369</u>

The financial statements were approved by the Board of Directors on31/12/2020..... and were signed on its behalf by:



Director

A.W. SWANN

The notes form part of these financial statements

Valeo Service UK Limited (Registered number: 00956685)

Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up Share Capital £'000	Retained earnings £'000	Share premium £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2018	1,315	17,849	75	77	19,316
Profit for the year	-	53	-	-	53
Total comprehensive income	-	53	-	-	53
Balance at 31 December 2018	<u>1,315</u>	<u>17,902</u>	<u>75</u>	<u>77</u>	<u>19,369</u>
Total comprehensive income	-	190	-	-	190
Balance at 31 December 2019	<u>1,315</u>	<u>18,092</u>	<u>75</u>	<u>77</u>	<u>19,559</u>

The notes form part of these financial statements

1. STATUTORY INFORMATION

Valeo Service 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.

Revenue from Contract with customers IFRS 15

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:

- 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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

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 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.

New and amended standards adopted by the company

New and amended standards commencing 1 January 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

2. ACCOUNTING POLICIES – continued

- IFRS 9 - Amendments to prepayments with negative compensation
- Annual improvements to IFRSs (2015 - 2017 Cycle)
- IFRS 16 - Leases
- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

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 at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

2. ACCOUNTING POLICIES - continued

Going concern

Against the current economic outlook the performance of the Company is expected to be maintained through the remainder of 2019 and into 2020. The Company is cash generative, and liquidity will be strengthened over this period.

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.

Turnover

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:

- 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.

Intangible assets

Intangible assets are initially measured at cost or acquisition fair value. After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses. The depreciable amount of an intangible asset with a limited useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use.

The amortisation period and the amortisation method for intangible assets with a limited useful life is reviewed at least each financial year -end. If the expected useful life of the asset is different from the previous estimates, the amortisation period is changed accordingly.

The estimated useful lives range as follows:

Computer software - 3 years

2. ACCOUNTING POLICIES – continued

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.

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 profit or loss during the period in which they are incurred.

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.

The estimated useful lives range as follows:

Freehold land - Not depreciated

Freehold buildings - 20 years

Plant and machinery - 8 years

Computer equipment - 3 to 5 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.

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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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. ACCOUNTING POLICIES – continued

Debtors

Debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made in accordance with IFRS 9, the expected Credit loss model, which value the decrease in an asset over the period..

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.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. Impairment losses on continuing operations are recognised in the income statement.

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:

Fair value through profit or loss

This category comprises only in-the-money derivatives. These are carried in the Balance Sheet at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

Financial assets are recognised in the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

2. ACCOUNTING POLICIES - continued

After initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on financial assets at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Company comprises only out-of-the-money derivatives. They are carried in the Balance Sheet at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES – continued

Derivatives

The Company uses derivative financial instruments in the form of forward currency contracts to hedge its risks associated with foreign currency. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The derivative contract price is set at the conception of the deal. Re-measured subsequently each month at the foreign exchange rate.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES – continued

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.

Pensions

The Company participates in the Valeo UK Pension Plan which is a defined benefit plan. The assets are held separately from those of the Company in separate trustee administered funds. The Company financial statements accounts for the plan as a defined contribution pension plan on the basis that it is run in a way that does not allow individual participating companies within the group to readily identify their shares of the underlying assets and liabilities of the plan on a consistent and reasonable basis. In accordance with the provisions of IAS 19, the cost is charged to the profit and loss account as contributions become payable.

The Company participates in an additional defined contribution pension scheme which is available to senior employees. This is known as the Valeo UK Executive Pension Scheme. The assets of the schemes are held separately from the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund during the year.

Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Current and deferred 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 balance sheet date in the countries where the Company operates and generates income.

2. ACCOUNTING POLICIES – continued

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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described earlier in this note, the Directors are required to make judgements, estimates and assumptions. The directors consider there are no key assumptions concerning 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Stock provision

Management judgement is required to assess the most appropriate basis for the stock provision. The Company's policy is based on average stock turnover and has been applied for the years ending 31 December 2018 and 31 December 2019.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

4. TURNOVER

The Company has only one class of business.

Analysis of turnover by country of destination:

	31.12.2019	31.12.2018
	£'000	£'000
United Kingdom	27,681	34,295
Rest of Europe	1,646	2,108
Rest of the World	2,396	1,299
	<u>31,723</u>	<u>37,702</u>

5. EMPLOYEES AND DIRECTORS

Staff costs, including directors' remuneration, were as follows:

	31.12.2019	31.12.2018
	£'000	£'000
Wages and salaries	2,029	2,422
Social security costs	207	252
Other pension costs	157	175
Total	<u>2,393</u>	<u>2,849</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

5. EMPLOYEES AND DIRECTORS - continued

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

	31.12.2019	31.12.2018
	No	No
Sales	22	26
Warehouse	24	27
Administration	9	12
Total	55	65

Directors' remuneration

	31.12.2019	31.12.2018
	£'000	£'000
Directors' remuneration	112	139
Directors pension costs	13	11
Benefits	11	8
Total	136	158

The aggregate remuneration relates to 1 director only.

Retirement benefits are accruing to 1 (2018: 2) directors under a defined benefit scheme in respect of qualifying services. Details of this scheme are contained in the financial statements of Valeo (U.K.) Limited, the company's immediate parent undertaking. Retirement benefits are accruing to 1 directors under money purchase schemes (2018: 2).

During the year the directors exercised no options over shares in Valeo S.A.

The other 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 bears no cost in relation to the directors for the years ended 31 December 2019 or 2018.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.12.19	31.12.18
	£'000	£'000
Interest receivable	<u>78</u>	<u>110</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.19	31.12.18
	£'000	£'000
Interest payable	<u>254</u>	<u>171</u>

8. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	31.12.19	31.12.18
	£'000	£'000
Cost of inventories recognised as expense	24,474	30,146
Depreciation - owned assets	150	185
Depreciation - assets on hire purchase contracts or finance leases	<u>45</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

9. TAXATION

Corporation tax

	31.12.2019	31.12.2019
	£'000	£'000
Current tax on Profit for the year	-	23
Adjustments in respect of previous periods	128	-
Total tax charge	128	23

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	31.12.2019	31.12.2018
	£'000	£'000
Profit before tax	318	76
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	60	14
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	45	(4)
Non Taxable income	-	6
Effect of group relief	-	46
Adjustments in respect of previous periods	128	-
Amount not recognised	220	261
Transfer pricing adjustment *	(311)	(304)
Other adjustment for tax	(14)	-
Non qualifying assets	-	4
Total current tax	128	23

* No relief has been taken in respect of pension contributions paid in respect of the Valeo (U.K.) Limited pension scheme and relief is being taken for these contributions in this, and another group company, instead. A total transfer pricing estimated adjustment has been imputed of £1,638,750 (2018: £1,601,720), based on the pension contribution in Valeo (U.K.) Limited.

Factors that may affect future tax charges

There are no factors that may affect the future tax charge.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

10. INTANGIBLE FIXED ASSETS

	Computer software £'000
COST	
At 1 January 2019	979
Additions	9
Disposals	<u>(65)</u>
At 31 December 2019	<u>923</u>
AMORTISATION	
At 1 January 2019	874
Charge for the year	<u>22</u>
At 31 December 2019	<u>897</u>
NET BOOK VALUE	
At 31 December 2019	<u>26</u>
At 31 December 2018	<u>105</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

11. TANGIBLE FIXED ASSETS

	Free hold Property £'000	Plant and machinery £'000	Computer equipment £'000	Right of use Assets £'000	Total £'000
Cost					
As at 1 Jan 2019	4,890	896	412	-	6,198
Adjustment in change in accounting policy	-	-	-	81	81
As restated at 1 Jan 2019	4,890	896	412	81	6,279
Additions	-	4	-	-	4
Disposals	(3)	-	-	-	(3)
At 31 December 2019	4,887	900	412	81	6,280
Accumulated depreciation					
At 1 January 2019	3,442	801	344	-	4,587
Adjustment in change in accounting policy	-	-	-	-	-
As restated at 1 Jan 2019	3,442	801	344	-	4,587
Charge for the year	54	33	63	45	195
Eliminated on disposal	-	-	-	-	-
At 31 December 2019	3,496	834	407	45	4,782
Net book value					
At 31 December 2019	1,391	66	5	36	1,498
At 31 December 2018	1,448	95	68	-	1,611

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

12. STOCKS

	31.12.2019	31.12.2018
	£'000	£'000
Finished goods and goods for resale	<u>4,354</u>	<u>5,142</u>

Stocks are stated after provisions for impairment of £581k (2018: £525k).

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. DEBTORS

	31.12.19	31.12.18
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	2,770	4,457
Prepayments and accrued income	<u>104</u>	<u>183</u>
	<u>2,874</u>	<u>4,640</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	910	1,350
Other debtors	<u>-</u>	<u>38</u>
	<u>910</u>	<u>1,388</u>
Aggregate amounts	<u>3,784</u>	<u>6,028</u>

Debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made in accordance to IFRS 9, the expected Credit loss model, which value the decrease in an asset over the period.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	£'000	£'000
Trade creditors	575	492
Leases under IFRS 16	37	-
Amounts owed to group undertakings	3,674	4,574
Group relief for tax	1,210	1,082
Social security and other taxes	1,164	1213
Accruals and deferred income	987	971
	<u>7,647</u>	<u>8,332</u>

15. LEASING

Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the company's financial statements. The company has adopted IFRS 16 Leases with the simplified retrospective method from 1 January 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 1%.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

15. LEASING - continued

Measurement of lease liability

	2019
	£000
Operating lease commitments disclosed as at 31 December 2018	82
Discounted using the lessees incremental borrowing rate at the date of initial application	(1)
Net Book value of asset capitalised	81
Lease liability recognised as at 1 January 2019 of which are:	
Current lease liabilities	44
Non-current lease liabilities	37
Lease liability recognised as at 1 January 2019	81

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19	31.12.18
			£'000	£'000
1,315,000	Ordinary shares	1	<u>1,315</u>	<u>1,315</u>

17. PENSION COMMITMENTS

The Company participates in the Valeo UK Pension Plan (the 'Plan'). The Plan includes a funded defined benefit section and two defined contribution sections - one for new employees and an Executive section for some senior employees. The contributions paid to the defined benefit section of the Plan are determined by the Plan Trustees and participating employer at each valuation. The contributions paid into the two defined contribution sections are set out in the Plan's Trust Deed & Rules.

The defined benefit section is valued every three years by Mercer Limited, by a professionally qualified independent actuary, the rate of contribution being determined by that actuary. The latest formal actuarial valuation of the defined benefit section was carried out as at 5 April 2017 using the projected unit method. Details of the latest actuarial valuation are contained in the financial statements of Valeo (U.K.) Limited. At 31 December 2019 under the IAS 19 (R) accounting principles, the net liability in respect of the defined benefit section of the Plan disclosed in the financial statements of Valeo (U.K.) Limited was £13,133 million (2018: £10,165 million).

The Company is required to provide disclosure under IAS 19 'Retirement Benefits'. The company's employees and former employees form only part of the multi-employer scheme operated by Valeo (U.K.) Limited. Due to a number of changes to the Valeo Group over the years through various restructuring exercises, acquisitions and disposals, the allocation of the share of the underlying assets and liabilities in the defined benefit section of the Plan relating to individual subsidiaries would be extremely complex and not possible to complete on a consistent and reasonable basis. As a result the company has accounted for the scheme as a defined contribution pension Plan in accordance with the provisions of IAS 19.

The total pension cost charged to the profit and loss account for the defined benefit section at 31 December 2019 was £63,309 (2018: 88,333).

The Company also participates in the two defined contribution sections of the Plan. The assets of both these section are held separately from the Company in an independently administered fund. The total pension cost charged to the profit and loss account at 31 December 2019 for the defined contribution section was £88,384 (2018: £81,288) plus £5,351 in respect of the Executive section (2018: £5,250).

18. 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 SA, 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 SA may be obtained from 43 Rue Bayen, 75017 Paris, France.

19. CONTINGENT LIABILITIES

There were contingent liabilities at the year-end under letters of indemnity given by the Company's bank of £80,000 (2018: £80,000) in favour of HM Revenue and Customs for duty deferment.

20. POST BALANCE SHEET EVENTS

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 has caused widespread disruption to normal patterns of business activity across the world, including the United Kingdom.

However, trading in core activities has continued to date as the directors and management of the business have worked hard to mitigate any potential disruption. The impact of COVID-19 is considered to be a non-adjusting post balance sheet event.