

Registered number: 01971131

Haldex Brake Products Limited

Directors' report and financial statements

For the period ended 30 June 2022

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Haldex Brake Products Limited

Company Information

Directors	C Mellings (resigned 31 October 2022) M Biork (resigned 13 April 2022) Y Paige-Stimson (appointed 8 November 2022)
Company secretary	A Alexandrou
Registered number	01971131
Registered office	Haldex European Technical Centre MIRA Technology Park Lindley Warwickshire CV13 6DE
Independent auditors	Dains Audit Limited 15 Colmore Row Birmingham B3 2BH
Bankers	Nordea Bank Finland plc City Place House 55 Basinghall Street London EC2V 5NB
Solicitors	Wrights Hassall LLP Olympus Avenue Leamington Spa CV34 6BF

Haldex Brake Products Limited

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Haldex Brake Products Limited

Strategic report For the period ended 30 June 2022

Introduction

The Director presents her Strategic report for the period ended 30 June 2022.

Business review and future developments

The results for the period are shown on page 11. The operating loss amounted to £706,728 (2020 - profit of £674,847). The loss for the financial period amounted to £1,652,016 (2020 - profit of 260,008). The Company's net assets at 30 June 2022 are £232,362 (31 December 2020 - net liabilities of £5,353,421).

The Director has no plans at this time to change the principal activity of the Company, which continues to be the design and development of air brake systems for commercial vehicles. The Director consider the performance of the Company during the period, the financial position at the end of the period and the prospects for the future to be satisfactory.

The process of homologation or type approval of our future products under development should the UK and the EU diverge on automotive regulatory compliance may be complicated but as Haldex already sells its products globally the Company has both the expertise and experience to respond quickly. Over the longer term, we continue to believe that Brexit will not have a material impact on the business.

Principal risks and uncertainties

As the principal activity of the Company is to provide design and development services to the Haldex Group so there are no immediate external risks considered likely to have a significant impact on the short-term or long-term value of the company. However, the principal risks identified are as follows:

Competition

The automotive market is highly competitive with tight margins. Haldex Group has significantly lower sales than the two largest players in the market.

Customers

There are only a few major truck and trailer manufacturers and all of them are customers of Haldex. No single customer accounts for more than 10% of Group sales. While the loss of a customer, or the loss or delay of a major contract, has a limited impact on Haldex Group as a whole, it could have a major impact on an individual unit.

Product development

Demands from users and regulators for increased safety and improved environmental and vehicle dynamic performance are leading to new demands on, and requests regarding, the products offered by Haldex. It is therefore essential that the Group continuously develops new products or improves existing products that meet these demands, to avoid losing market share to competitors.

Going concern

The Director of the Company has received a letter of support from Haldex AB, a parent company within the group, to enable the company to meet its financial obligations as they fall due for a period of twelve months from the date of the letter; the letter being dated 15 March 2023.

Haldex Brake Products Limited


Strategic report (continued) For the period ended 30 June 2022

Financial key performance indicators

The performance of the business is set out in the financial statements that accompany this report. In summary:

	30 June 2022	31 December 2020
	£	£
Revenue	11,424,521	9,966,199
Gross profit	3,375,678	1,998,356
Operating (loss) / profit	(706,728)	674,847
(Loss) / profit before taxation	(1,408,740)	194,008

This report was approved by the board on 29 March 2023 and signed on its behalf.


Y Paige-Stimson
Director

Haldex Brake Products Limited

Directors' report For the period ended 30 June 2022

The Director present her report and the financial statements for the period ended 30 June 2022.

Principal activity

The principal activity of the Company is to provide design and development services to its immediate customers which are fellow subsidiaries within the Haldex Group, thereby supporting the wider Haldex Group to constantly innovate, providing excellent service to the external customers of the Haldex Group and avoiding losing market share.

Results and dividends

The loss for the period, after taxation, amounted to £1,652,016 (2020 - profit £260,008).

The loss for the financial year will be deducted from reserves. No interim dividend was paid during the year (2020 - £Nil) and the directors do not recommend the payment of a final dividend (2020 - £Nil).

Directors

The Directors who served during the period were:

C Mellings (resigned 31 October 2022)

M Biork (resigned 13 April 2022)

Y Paige-Stimson (appointed 5 November 2022)

Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will continue to be able to meet its liabilities as they fall due for at least 12 months following the date of approval of these financial statements. The Director is required to consider the appropriateness of the going concern basis when preparing the financial statements.

In considering the Company's ability to continue as a going concern, the directors have taken into account the company's forecasts which show that it will continue to utilise the Haldex group overdraft facility to support its future operations.

The Director of Haldex Limited has received a letter of support from Haldex AB to enable the Company to meet its financial obligations as they fall due for a period of twelve months from the date of the letter.

The Directors of Haldex AB, confirm that the overdraft facility within Haldex Brake Parts Limited is currently supported by a group banking arrangement with Nordea Bank, Finland PLC whereby Haldex AB is solely responsible for the settlement of any net overdraft position across the group under this arrangement. Having taken into account these confirmations from Haldex AB and with reference to the financial position of Haldex AB the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Future developments

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

Research and development

The Company continues to engage in research and development activities in order to improve the market position of Haldex Group's products. In the year the company spent £8,048,843 (2020: £7,967,843) on these activities. All costs incurred, following the implementation of a new cost-plus agreement in 2016, are recharged to Haldex AB. Before this agreement the company recharged some of these costs to other Haldex companies.

Principal risks and uncertainties

The Company's operations expose it to a number of financial risks that include liquidity risk, price risk, and interest rate cash flow risk. The Company has in place a risk management policy that seeks to maximise finance income from short term deposits via the monitoring of cash balances and working capital requirements.

Given the size of the company, the Director has 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 through the use of the Group Treasury department as required.

Liquidity risk

The Company actively manages its working capital requirements to ensure it has sufficient funds for its operations. The Company has access to a group-wide cash pool arrangement to facilitate this.

Price risk

The Company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of actively managing exposure to commodity price risk exceed any potential benefits. Commodities such as metals are subject to price changes, but these are passed on to customers where appropriate. The Director will revisit the appropriateness of this policy should the company's operations change in size or nature. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Interest rate cash flow risk

The Company has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets consist of short-term deposits and cash balances, all of which earn interest at variable rates. Interest-bearing liabilities consist of short-term overdraft facilities which pay interest at variable rates. The Company has access to a group-wide cash pooling arrangement. The directors will revisit the appropriateness of this policy should the company's operations or cash balances change in size or nature.

Political contributions

During the period the Company did not make any political donations (2020 - £Nil).

Engagement with employees

The Company is firmly committed to maintaining the co-operation and involvement of its employees in the future of the business. This is achieved through consultation at the appropriate level. Employees will also be notified of matters affecting the Company on a more general basis through quarterly employee presentations.

Disabled employees

The Company's recruitment, training, development and promotion policies give equality of opportunity for people to develop their potential. Steps are taken to accommodate the needs of disabled employees at work and wherever possible additional training is arranged to meet the special needs of those who become disabled.

Engagement with suppliers, customers and others

The Company's aim is to foster proactive business relationships with its suppliers and partners as we value the role they have in our success, where working closely with them helps maximise value for all parties.

The principal activity of the Company is to provide design and development services to its immediate customers which are fellow subsidiaries within the Haldex Group, thereby supporting the wider Haldex Group to constantly innovate, providing excellent service to the external customers of the Haldex Group and avoiding losing market share.

The Company recognises the impact of its operations on the community, other stakeholders and the environment, with the aim to build strong relationships where possible.

Qualifying third party indemnity provisions

Haldex AB, a parent company, has maintained indemnity for the Director and officers of its subsidiary companies throughout the year, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

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 judgments and accounting estimates that are reasonable and prudent;
- 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.

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.
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Haldex Brake Products Limited

Directors' report (continued) For the period ended 30 June 2022

Post balance sheet events

Since the year end date Haldex AB has been taken over by SAF Holland SE, a company listed on the Deutsche Borse AG.

Auditors

During the year, Cooper Parry Group Limited resigned as auditors. Dains Audit Limited were appointed to fill the resulting casual vacancy and have indicated their willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 March 2023 and signed on its behalf.



Y Paige-Stimson
Director

Independent auditors' report to the members of Haldex Brake Products Limited

Opinion

We have audited the financial statements of Haldex Brake Products Limited (the 'Company') for the period ended 30 June 2022, which comprise the Income statement, 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' (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 30 June 2022 and of its loss for the period 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.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 set out on page 5, 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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

Haldex Brake Products Limited

Independent auditors' report to the members of Haldex Brake Products Limited (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Other matters

The financial statements for the year ended 31 December 2020 were audited by Cooper Parry Group Limited who expressed an unmodified opinion on those statements on 22 July 2022.

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 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, as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Hargate (Senior statutory auditor)

for and on behalf of
Dains Audit Limited

Statutory Auditor
Chartered Accountants

Birmingham

29 March 2023

Haldex Brake Products Limited

Income statement For the period ended 30 June 2022

	Note	Period ended 30 June 2022 £	Year ended 31 December 2020 £
Turnover	4	11,424,521	9,966,199
Cost of sales		(8,048,843)	(7,967,843)
Gross profit		3,375,678	1,998,356
Administrative expenses		(4,582,356)	(1,886,827)
Other operating income	5	499,950	563,318
Operating (loss)/profit	6	(706,728)	674,847
Interest payable and similar expenses	10	(702,012)	(480,839)
(Loss)/profit before tax		(1,408,740)	194,008
Tax (charge)/credit on (loss)/profit	11	(243,276)	66,000
(Loss)/profit for the financial period		(1,652,016)	260,008

The notes on pages 16 to 38 form part of these financial statements.

Haldex Brake Products Limited

Statement of comprehensive income For the period ended 30 June 2022

		Period ended 30 June 2022 £	Year ended 31 December 2020 £
	Note		
(Loss)/profit for the financial period		(1,652,016)	260,008
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit schemes	21	8,852,480	(1,573,960)
Movement of deferred tax relating to pension (deficit)/surplus	11	(1,615,000)	299,000
		<u>7,237,480</u>	<u>(1,274,960)</u>
Total comprehensive income for the period		<u>5,585,464</u>	<u>(1,014,952)</u>

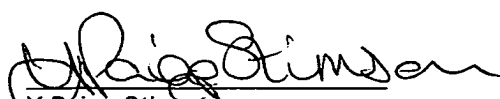
The notes on pages 16 to 38 form part of these financial statements.

Haldex Brake Products Limited
Registered number:01971131

**Statement of financial position
As at 30 June 2022**

	Note	30 June 2022 £	31 December 2020 £
Fixed assets			
Tangible assets	12	4,936,149	5,435,767
Investments	13	115,187	115,187
		<u>5,051,336</u>	<u>5,550,954</u>
Current assets			
Debtors More Than One Year	15	57,000	1,915,276
Stocks	14	7,691,213	5,267,764
Debtors: amounts falling due within one year	15	3,350,454	2,169,176
Cash at bank and in hand	16	7,310	7,323
		<u>11,105,977</u>	<u>9,359,539</u>
Creditors: amounts falling due within one year	17	(11,680,177)	(5,989,860)
Net current (liabilities)/assets		<u>(574,200)</u>	<u>3,369,679</u>
Total assets less current liabilities		<u>4,477,136</u>	<u>8,920,633</u>
Creditors: amounts falling due after more than one year	18	(4,018,000)	(4,221,000)
Net assets excluding pension liability		<u>459,136</u>	<u>4,699,633</u>
Defined benefit pension scheme obligation	21	(226,774)	(10,053,054)
Net assets/(liabilities)		<u>232,362</u>	<u>(5,353,421)</u>
Capital and reserves			
Called up share capital	22	4,901,000	4,901,000
Capital redemption reserve	23	644,756	644,756
Profit and loss account	23	(5,313,394)	(10,899,177)
		<u>232,362</u>	<u>(5,353,421)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2023.


Y Paige-Stimson
Director

The notes on pages 16 to 38 form part of these financial statements.

Haldex Brake Products Limited

**Statement of changes in equity
For the period ended 30 June 2022**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	4,901,000	644,756	(10,899,177)	(5,353,421)
Comprehensive income for the period				
Loss for the period	-	-	(1,652,016)	(1,652,016)
Actuarial gains on pension scheme	-	-	7,237,799	7,237,799
Total comprehensive income for the period	-	-	5,585,783	5,585,783
At 30 June 2022	4,901,000	644,756	(5,313,394)	232,362

The notes on pages 16 to 38 form part of these financial statements.

Haldex Brake Products Limited**Statement of changes in equity
For the period ended 31 December 2020**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	4,901,000	644,756	(9,884,225)	(4,338,469)
Comprehensive income for the period				
Profit for the period	-	-	260,008	260,008
Actuarial losses on pension scheme	-	-	(1,274,960)	(1,274,960)
Total comprehensive income for the period	-	-	(1,014,952)	(1,014,952)
At 31 December 2020	4,901,000	644,756	(10,899,177)	(5,353,421)

The notes on pages 16 to 38 form part of these financial statements.

1. General information

Haldex Brake Products Limited ("the company") is a private company limited by shares which is incorporated and domiciled in the United Kingdom and registered in England and Wales. The registered office address is Haldex European Technical Centre, MIRA Technology Park, Lindley, Warwickshire, CV13 6DE. The principal activity of the company is given in the Strategic report on page 1.

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 judgment in applying the Company's accounting policies (see note 3).

The Company's functional and presentational currency is GBP.

The following principal accounting policies have been applied:

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 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- 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;
- 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.

This information is included in the consolidated financial statements of Haldex AB as at 31 December 2022 and these financial statements may be obtained from Instrumentgatan 15, Box 101, SE - 261 24 Landskrona, Sweden.

2. Accounting policies (continued)

2.3 Impact of new international reporting standards, amendments and interpretations

No new accounting standards, or amendments to accounting standards, or IFRS Interpretation Committee (IFRS IC) interpretations that are effective for the period ended 30 June 2022, have had a material impact on the company's financial statements.

2.4 Going concern

These financial statements have been prepared on a going concern basis, which assumes the company will continue to be able to meet its liabilities as they fall due for at least 12 months following the date of approval of these financial statements. The directors are required to consider the appropriateness of the going concern basis when preparing the financial statements.

In considering the company's ability to continue as a going concern, the directors have taken into account the company's forecasts which show that it will continue to utilise the Haldex group overdraft facility to support its future operations.

The Director of Haldex Limited has received a letter of support from Haldex AB to enable the Company to meet its financial obligations as they fall due for a period of twelve months from the date of the letter.

The Directors of Haldex AB, a parent company, confirm that the overdraft facility within Haldex Limited is currently supported by a group banking arrangement with Nordea Bank, Finland PLC whereby Haldex AB is solely responsible for the settlement of any net overdraft position across the group under this arrangement. Having taken into account these confirmations from Haldex AB and with reference to the financial position of Haldex AB the Director have concluded that it is appropriate to prepare the financial statements on a going concern basis.

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 profit or loss 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 Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2. Accounting policies (continued)

2.6 Revenue

The Company's revenue is earned from the design and development of air brake systems for commercial vehicles. Revenue from contracts with customers represents the compensation of the company by other group companies for the research and development activities it performs.

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.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

Revenue is recognised at a point in time when the performance obligation is satisfied which is when control is transferred to the customer and only when it is highly probable that a significant reversal of revenue will not occur. Control is transferred when a service has been completed as per the terms of the contract with the customer.

2.7 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2. Accounting policies (continued)

2.7 Leases (continued)

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.14.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Government grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Statement of financial position and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.11 Finance costs

Finance costs are charged to profit or loss 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.

2.12 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 profit or loss 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.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. The scheme was closed was closed in January 2016 and employees became members of the defined contribution plan. The defined benefit plan is externally funded and provides retirement benefits on the basis of members' final salary.

The pension charge is based on a full actuarial valuation dated 31 December 2019 and updated by an independent actuary as at 30 June 2022. The cost of providing pensions is charged to the profit and loss account in accordance with IAS 19 over the periods benefiting from the services of employees.

The funding for past service is invested through the scheme's trustees. The amounts charged to the operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

Net interest is calculated by applying the discount rate to the net defined liability or asset, both as determined at the start of the reporting period, taking into account of any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. The net interest is recognised in the profit and loss as other finance income or cost.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The defined benefit asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

2. Accounting policies (continued)

2.12 Pensions (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method.

Group pension plan

Where the risks of a defined benefit plan are shared between entities under common control, each entity recognises the net defined benefit cost charged in its own financial statements.

2.13 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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 reporting date.

2.14 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.

2. Accounting policies (continued)

2.14 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:

Freehold property	- 25 years
Plant and machinery	- 5 to 12 years
Motor vehicles	- 3 to 4 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

An impairment loss will be recognised whenever the carrying value of the investment exceeds its recoverable amount. The recoverable amount is the higher of the investment's net releasable value and its value-in-use. In assessing the value-in-use, the estimated future cashflow generated are discounted to their present value using post-tax discount rate that reflects the current market assumptions of the time value of money and the risks specific to the asset concerned. Impairment are recognised in the profit and loss account.

2.16 Stocks

Costs relating to the on-going design and manufacture of production equipment and tooling to be used for future Haldex product manufacture are held as inventory until the production goes live. These assets will then be transferred at cost to one of the production companies within the Haldex Group.

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.

2.17 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.

2.18 Cash and cash equivalents

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

2. Accounting policies (continued)

2.19 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.

2.20 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

2.21 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 and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In preparing these financial statements, the Director has made the following judgements:

Assumptions relating to tax

Management estimation is required to determine the amount of deferred tax assets or liabilities that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Leases

The lease payments are discounted using the company's incremental borrowing rates of 1.70%-2.15%. An increase or decrease in the incremental borrowing rate would result in a decrease or increase in the right-of-use asset and corresponding liability. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Pension costs

Pension and post-retirement benefits are provide to certain employees, including former employees and their beneficiaries. The assets, liabilities and expenses recognised and the disclosures made are based on actuarial valuations and assumptions regarding factors such as discount rates, health care cost trend rates, inflation, expected rates of return on plan assets, retirement rates, mortality rates, turnover, rates of compensation increases and other factors.

It is ensured that the significant assumptions used are within the reasonable range relative to market data. The methodology to set significant assumptions includes:

Discount rates are estimated using high quality debt securities based on an analysis of AA-graded corporate bonds used to generate a yield curve with a duration matching the expected benefit payments.

The expected rate of compensation increase reflects estimates of the change in future compensation levels due to general price levels, seniority, age and other factors.

The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Notes to the financial statements
For the period ended 30 June 2022

4. Turnover

The whole of the turnover is attributable to the principal activity of the company, which is the provision of R&D Contract Services.

Analysis of turnover by country of destination:

	Period ended 30 June 2022 £	Year ended 31 December 2020 £
Rest of Europe	11,424,521	9,966,199
	<u>11,424,521</u>	<u>9,966,199</u>

All turnover arose within the European Union excluding the United Kingdom.

5. Other operating income

	Period ended 30 June 2022 £	Year ended 31 December 2020 £
Research and development expenditure credit ("RDEC")	486,000	530,118
Group costs recharged	-	19,200
Sundry income	13,950	14,000
	<u>499,950</u>	<u>563,318</u>

6. Operating (loss)/profit

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

	Period ended 30 June 2022 £	Year ended 31 December 2020 £
Depreciation of tangible fixed assets	307,232	222,086
Depreciation of right-of-use assets	961,000	597,000
Exchange differences	78,478	58,077
Defined contribution pension cost	418,041	337,893
	<u>1,764,751</u>	<u>1,215,056</u>

Haldex Brake Products Limited

Notes to the financial statements For the period ended 30 June 2022

7. Auditors' remuneration

	Period ended 30 June 2022 £	Year ended 31 December 2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	24,000	30,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

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

	Period ended 30 June 2022 £	Year ended 31 December 2020 £
Wages and salaries	4,889,947	3,958,847
Social security costs	542,414	443,491
Cost of defined contribution scheme	418,041	337,893
	5,850,402	4,740,231

The average monthly number of employees, including the Directors, during the period was as follows:

	Period ended 30 June 2022 No.	Year ended 31 December 2020 No.
Engineering	74	75
Administration	4	9
	78	84

Haldex Brake Products Limited

Notes to the financial statements For the period ended 30 June 2022

9. Directors' remuneration

	Period ended 30 June 2022 £	Year ended 31 December 2020 £
Directors' emoluments	244,328	146,472
Company contributions to defined contribution pension schemes	1,226	23,239
	<u>245,554</u>	<u>169,711</u>

During the period retirement benefits were accruing to 1 Director (2020 - 1) in respect of defined benefit pension schemes.

1 Director received remuneration from the company (2020 - 1). This Director was remunerated for their services to the group as a whole, including Haldex Limited.

10. Interest payable and similar expenses

	Period ended 30 June 2022 £	Year ended 31 December 2020 £
Loans from group undertakings	342,812	197,799
Finance leases and hire purchase contracts	154,000	109,000
Net interest on defined benefit liability	205,200	174,040
	<u>702,012</u>	<u>480,839</u>

Haldex Brake Products Limited

Notes to the financial statements For the period ended 30 June 2022

11. Taxation

	Period ended 30 June 2022 £	Year ended 31 December 2020 £
Current tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	243,276	(66,000)
Total deferred tax	243,276	(66,000)
Taxation on profit/(loss) on ordinary activities	243,276	(66,000)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	Period ended 30 June 2022 £	Year ended 31 December 2020 £
(Loss)/profit on ordinary activities before tax	(1,408,740)	194,008
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(267,661)	36,862
Effects of:		
Fixed asset differences	(909)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	125	10,000
Movement on deferred tax not recognised	1,159,693	240,000
Changes in tax rates	(647,972)	(352,862)
Total tax charge for the period	243,276	(66,000)

The Company has not recognised deferred tax assets in connection with trading losses carried forward as there is insufficient evidence that these will be recoverable against trading profits in future years.

Notes to the financial statements
For the period ended 30 June 2022

11. Taxation (continued)**Factors that may affect future tax charges**

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. The proposal to increase the rate to 25% had been substantively enacted at the Company's balance sheet date, therefore its effects have been included in these financial statements.

12. Tangible fixed assets

	Freehold property £	Leasehold property (Right-of- use asset) £	Plant, machinery and equipment £	Motor vehicles (Inc right-of-use asset) £	Total £
Cost or valuation					
At 1 January 2021	915,384	5,759,000	2,622,050	621,368	9,917,802
Additions	-	-	44,614	22,000	66,614
Lease modification	-	702,000	-	-	702,000
At 30 June 2022	915,384	6,461,000	2,666,664	643,368	10,686,416
Depreciation					
At 1 January 2021	911,291	1,117,000	1,963,434	490,310	4,482,035
Charge for the period on owned assets	873	-	293,256	13,103	307,232
Charge for the period on right-of-use assets	-	906,000	-	55,000	961,000
At 30 June 2022	912,164	2,023,000	2,256,690	558,413	5,750,267
Net book value					
At 30 June 2022	3,220	4,438,000	409,974	84,955	4,936,149
At 31 December 2020	4,093	4,642,000	658,616	131,058	5,435,767

Freehold property includes £Nil (2020 - £Nil) in respect of freehold land which is not depreciated.

Notes to the financial statements
For the period ended 30 June 2022

12. Tangible fixed assets (continued)

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

	30 June 2022 £	31 December 2020 £
Tangible fixed assets owned	475,149	737,767
Right-of-use tangible fixed assets	4,461,000	4,698,000
	<u>4,936,149</u>	<u>5,435,767</u>

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

Net book value

	30 June 2022 £	31 December 2020 £
Leasehold property	4,438,000	4,642,000
Motor vehicles	23,000	56,000
	<u>4,461,000</u>	<u>4,698,000</u>

Depreciation charge for the period ended

	30 June 2022 £	31 December 2020 £
Property	906,000	562,000
Motor vehicles	55,000	19,000
	<u>961,000</u>	<u>581,000</u>

Additions to right-of-use assets

	30 June 2022 £	31 December 2020 £
Additions to right-of-use assets	724,000	126,000

Haldex Brake Products Limited

Notes to the financial statements For the period ended 30 June 2022

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	115,187
At 30 June 2022	<u>115,187</u>

Investments as at both 1 January 2021 and 30 June 2022 comprise the whole of the €120,000 issued ordinary share capital of Haldex España S.A, which is not publicly traded, is incorporated and operated in Spain and is engaged in the distribution of air brake systems. Its registered office address is: Haldex España S.A., Galileo Galilei num 72nd, 08403 Granollers, Spain. The Director believes that the carrying value of investments is supported by their underlying assets.

14. Stocks

	30 June 2022 £	31 December 2020 £
Work in progress	7,691,213	5,267,764
	<u>7,691,213</u>	<u>5,267,764</u>

15. Debtors

	30 June 2022 £	31 December 2020 £
Due after more than one year		
Deferred tax asset	57,000	1,915,276
	<u>57,000</u>	<u>1,915,276</u>

Haldex Brake Products Limited

Notes to the financial statements For the period ended 30 June 2022

15. Debtors (continued)

	30 June 2022 £	31 December 2020 £
Due within one year		
Amounts owed by group undertakings	1,187,086	680,364
Other debtors	638,251	226,272
Prepayments and accrued income	535,962	274,375
Research and Development Expenditure Credit scheme ("RDEC")	924,636	957,448
Financial instruments	64,519	30,717
	<u>3,350,454</u>	<u>2,169,176</u>

The amounts owed by group undertakings are unsecured, have no fixed repayment date and are not interest bearing.

All financial instruments included within trade and other receivables are treated as loans and receivables per the classification of financial instruments in IFRS 7. Their fair value is equal to their carrying value.

16. Cash and cash equivalents

	30 June 2022 £	31 December 2020 £
Cash at bank and in hand	7,310	7,323
	<u>7,310</u>	<u>7,323</u>

Haldex Brake Products Limited

**Notes to the financial statements
For the period ended 30 June 2022**

17. Creditors: Amounts falling due within one year

	30 June 2022 £	31 December 2020 £
Trade creditors	648,463	976,198
Amounts owed to group undertakings	9,771,203	3,619,960
Other taxation and social security	38,072	50,236
Lease liabilities	642,000	554,000
Other creditors	105,209	121,739
Accruals and deferred income	475,230	667,727
	<u>11,680,177</u>	<u>5,989,860</u>

The amounts owed to group undertakings have no fixed repayment date, are not repayable by instalments and are not interest bearing. All financial instruments included within creditors are held at amortised costs. Their fair value is equal to their carrying value.

Amounts owed to group undertakings includes £2,500,000 (2020: £2,500,000) held in a segregated bank account in accordance with the Pension Fund Agreement.

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

	30 June 2022 £	31 December 2020 £
Lease liabilities	4,018,000	4,221,000
	<u>4,018,000</u>	<u>4,221,000</u>

19. Deferred taxation

	2022 £	2020 £
At beginning of year	1,915,276	2,280,276
Charged to profit or loss	(243,276)	(66,000)
Charged to other comprehensive income	(1,615,000)	(299,000)
At end of year	<u>57,000</u>	<u>1,915,276</u>

19. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	30 June 2022 £	31 December 2020 £
Other timing differences	57,000	1,915,276
	<u>57,000</u>	<u>1,915,276</u>

20. Capital commitments

The Company had no capital commitments at 30 June 2022 or 31 December 2021.

21. Pension commitments

The Company operates a Defined benefit pension scheme.

The defined benefit pension scheme (operated by Haldex Limited for employees of Haldex Limited and Haldex Brake Products Limited) closed in January 2016 and employees became members of the defined contribution scheme. The defined benefit scheme is externally funded and provides retirement benefits on the basis of members' final salary. The assets of the scheme are held in self-administered trust funds separated from the assets of the group comprising of Haldex Limited and Haldex Brake Products Limited ("the Group").

Total annual contributions to the scheme are based on independent actuarial advice and are gauged to fund future pension liabilities (including projected increases in pensions) in respect of services up to the balance sheet date.

The risks of the scheme are as follows:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The company has agreed with the trustees to make annual payments to eliminate the funding shortfall by 1 April 2022. In this respect contributions to the scheme for the year were £1,179,000 (2020: £755,000). The best estimate of contributions to be paid by the company into the scheme for the period commencing 1 July 2022 is £1,179,000 (1 January 2021: £778,000).

Additionally, in March 2017, Haldex AB, a company within the Group agreed to increase the Guaranteed Obligations of all present and future obligations and liabilities of the defined benefit pension scheme (whether actual or contingent and whether owed jointly or severally and in any capacity whatsoever) of both Haldex Limited and Haldex Brake Products Limited to make payments to the Scheme up to a maximum amount of £22,000,000.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Notes to the financial statements
For the period ended 30 June 2022

21. Pension commitments (continued)

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increase in life expectancy will result in an increase in the plan's liabilities.

Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the plan's assets are either unaffected by (in case of fixed interest bonds) or loosely correlated to (in case of equities) inflation, meaning that an increase in inflation will also increase the deficit.

A full valuation of the scheme was carried out at 30 December 2019 by Jardine Lloyd Thompson, independent consulting actuaries and updated by an independent actuary as at 30 June 2022.

Reconciliation of present value of plan liabilities:

	30 June 2022 £	31 December 2020 £
At the beginning of the year	32,831,650	30,046,250
Current service cost	636,120	554,800
Actuarial gains/losses	(9,843,520)	2,884,960
Benefits paid	(1,339,880)	(654,360)
At the end of the year	22,284,370	32,831,650

Reconciliation of present value of plan assets:

	30 June 2022 £	31 December 2020 £
At the beginning of the year	22,778,596	20,986,196
Interest income	430,920	380,760
Actuarial gains/losses	(991,040)	1,311,000
Contributions	1,179,000	755,000
Benefits paid	(1,339,880)	(654,360)
At the end of the year	22,057,596	22,778,596

Notes to the financial statements
For the period ended 30 June 2022

21. Pension commitments (continued)

Composition of plan assets:

	30 June 2022 £	31 December 2020 £
Cash	437,000	55,000
Others	21,620,596	22,723,596
Total plan assets	22,057,596	22,778,596

None of the fair value of the assets shown above include any investments in the company's own financial instruments or any property occupied by, or other assets used by, the company.

	30 June 2022 £	31 December 2020 £
Fair value of plan assets	22,057,596	22,778,596
Present value of plan liabilities	(22,284,370)	(32,831,650)
Net pension scheme liability	(226,774)	(10,053,054)

The amounts recognised in profit or loss are as follows:

	30 June 2022 £	31 December 2020 £
Net interest on defined benefit liability	205,200	174,040
Total	205,200	174,040

	30 June 2022 £	31 December 2020 £
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actuarial (losses) / gains on fair value of scheme assets	(991,040)	1,311,000
Actuarial (losses) / gains on present value of scheme liabilities	9,843,520	(2,884,960)
	8,852,480	(1,573,960)

Notes to the financial statements
For the period ended 30 June 2022

21. Pension commitments (continued)

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2022 %	2020 %
Discount rate	1.40	1.40
Future salary increases	3.10	3.10
Future pension increases	3.20	3.20
Proportion of employees opting for early retirement	2.50	2.50
Inflation assumption	3.20	3.20
Mortality rates		
- for a male aged 65 now	21.6	21.5
- at 65 for a male aged 45 now	22.6	22.5
- for a female aged 65 now	23.3	23.2
- at 65 for a female member aged 45 now	24.5	24.4

22. Share capital

	30 June 2022 £	31 December 2020 £
Authorised		
6,000,000 (2020 - 6,000,000) Ordinary A shares of £1.00 each	6,000,000	6,000,000
Allotted, called up and fully paid		
3,151,000 (2020 - 3,151,000) Ordinary A shares of £1.00 each	3,151,000	3,151,000
1,750,000 (2020 - 1,750,000) Ordinary B shares of £1.00 each	1,750,000	1,750,000
	4,901,000	4,901,000

The balance classified as share capital includes the total net proceeds on issue of the company's equity shares, comprising £1 ordinary shares. The ordinary A and B shares rank pari passu.

23. Reserves

Capital redemption reserve

The capital redemption reserve represents capital contributions made to the Company.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

24. Related party transactions

As a wholly owned subsidiary of Haldex AB, the company has taken advantage of the exemption in FRS 101 from the requirement to disclose transactions within wholly owned group companies.

25. Controlling Party

At 30 June 2022, the immediate parent undertaking is Haldex Limited, a company incorporated in the United Kingdom and registered in England and Wales.

At the balance sheet date, the smallest and largest group to consolidate these financial statements is Haldex AB, a company incorporated in Sweden. Copies of financial statements can be obtained from Haldex AB, Instrumentgatan 15, Box 501, SE – 261 24 Landskrona, Sweden.

At the balance sheet date, Haldex AB was the ultimate parent and controlling party however, following the post year end acquisition of Haldex AB by SAF Holland SE, a company listed on the Deutsche Borse AG, SAF Holland SE is now the ultimate controlling party.