

**Visteon Engineering Services Limited**  
**Annual Report and Financial Statements**  
**Year ended 31 December 2022**

***Registered number: 06213888***

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## Visteon Engineering Services Limited – Annual Report 2022

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## Visteon Engineering Services Limited – Annual Report 2022

### Corporate information

#### Directors

I. Scott  
G.R. Waller  
G. Tayler  
V. Binaghi

#### Registered Office

31 Springfield Lyons Approach  
Chelmsford Business Park  
Chelmsford  
Essex  
CM2 5LB

#### Company Secretary & Solicitors

Squire Patton Boggs (UK) LLP  
Rutland House  
148 Edmund Street  
Birmingham  
B3 2JR

#### Bankers

Bank of America N.A.  
2 King Edward Street  
London  
EC1A 1HQ

#### Auditor

Cooper Parry Group Limited  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

## Visteon Engineering Services Limited – Annual Report 2022

### Strategic report for the year ended 31 December 2022

#### Review of activities

The company's principal activity during the year was the engineering design and development of parts and components for the automotive industry. The company operates on a cost-plus basis.

The profit and loss account on page 12 shows a profit after tax for the year of £4,689,000 (2021: £3,888,000). Foreign exchange gains of £753,000 (2021: loss of £176,000) have had an impact on the results.

#### Key performance indicators “KPIs”

No dividends have been paid in 2022 and 2021.

The defined benefit pension performance was a loss of £4,854,000 (2021: gain of £15,865,000). This performed is driven by the return on plan assets being less than the discount rate.

Compared to 2021, turnover for 2022 is £375,000 lower (a decrease of 2.0%). The lower turnover is principally due to lower costs, as result of the restructuring and consequent reduction of headcount in 2021.

The profit before tax is £5,587,000 (2021: £5,051,000), and benefited from accounting for an “above the line research and development” expenditure credit of £239,000 (2021: £165,000).

In 2022 and 2021 the company's average number of employees was 78 and 102 employees, respectively. This reduction in staff numbers includes some restructuring action.

#### Economic environment

2022 has been a very volatile year, with significant inflation and an unstable geopolitical context.

In 2022, the global economy began to slow down under the pressure of high inflation, rising interest rates, energy costs and continued lockdowns to Covid-19 in China – a situation which has impacted many supply chains. So, the shortage of semiconductors which began in 2021 continued to bring in 2022 strong production capacity constraints, not only in the automotive market but also in the global consumer electronics market.

Also, the Russian/Ukraine conflict has caused much disruption across global markets. Nevertheless, given the cost-plus activities of the company, there has not been any significant impact to the company.

## Visteon Engineering Services Limited – Annual Report 2022

### Strategic report for the year ended 31 December 2022 (continued)

#### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to the impact on the company of customer demand in the current economic environment, and international competition from other automotive component suppliers.

##### *Financial risk management*

The company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, credit risk, interest rate risk, and exchange rate risk. The company has in place a risk management programme that seeks to limit its financial costs. The company had no derivative financial instruments in place during the year or at the year-end.

##### *(a) Liquidity risk*

The company actively monitors working capital and ensures it has sufficient available funds for operations and to meet its debts as they fall due.

##### *(b) Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made and continued contact with customers after sales have been made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed on a regular basis by the directors.


##### *(c) Interest rate risk*

The company is exposed to interest rate risk relating to its defined benefit pension plan. The pension trustees review the results of the defined benefit pension plan on a quarterly basis and plan to mitigate any exposed risk.

##### *(d) Exchange rate risk*

The company is exposed to exchange rate risk on approximately one third of its revenue which is based in euro. There are no forward contracts or hedging in place.

On behalf of the board

DocuSigned by:  
  
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I. Scott  
Director  
20 December 2023

## Visteon Engineering Services Limited – Annual Report 2022

### Directors' report for the year ended 31 December 2022

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

#### Directors

The following directors have held office during the year and to the date of this report:

I. Scott	
J. L. Pretzel	(resigned on 10 June 2022)
G. R. Waller	
G. Tayler	
V. Binaghi	(appointed on 12 September 2022)

#### Future developments

The company will continue to provide engineering consultancy services for other companies within the Visteon group and to third party customers.

#### Results and dividends

The profit after tax for the year was £4,689,000 (2021: £3,888,000). No dividend has been paid in 2022 and 2021 and no dividend was proposed subsequent to year-end.

#### Research and development

The company is committed to a continuing programme of expenditure on research and development in automotive engineering, based in Chelmsford, Essex. Expenditure is written off as incurred and charged to the profit and loss account.

#### Going concern

The company's business activity, together with the factors likely to affect its future development and position are set out on pages 3 and 4 in the strategic report.

The company has prepared a cash flow forecast for the 12 month period to 31 December 2024 (the "review period"). The company's forecasts and projections, taking account of reasonably possible changes in trading performance and the company's current cash position, show that the company should be able to operate within the level of its current resources for the review period.

In addition, the company's parent undertaking, Visteon Corporation Inc. has confirmed that it will provide such financial support and other support as necessary to enable the company to meet its liabilities for the review period to 31 December 2024. As set out in note 19, the smallest and largest group in which the results of the company are consolidated is that headed by Visteon Corporation Inc. The directors have made enquiries and have a reasonable expectation that Visteon Corporation Inc. has adequate resources and liquidity to continue in operational existence for the review period. Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing these financial statements.

## Visteon Engineering Services Limited – Annual Report 2022

### **Directors' report for the year ended 31 December 2022 (continued)**

#### **Participation of employees**

The directors value an inclusive work environment where open communication and the contributions of all employees are valued. Diversity represents the differences that make everyone unique. Inclusion leverages those differences to promote our ability to deliver on Visteon's common objectives. There is a direct relationship between the business results of an organization and its culture.

Throughout the year, the company maintained a communication policy to ensure employees were informed of the company's objectives and performance. Regular consultative meetings are held with employees and employee representatives on a wide variety of subjects from general information on the company position to individual topics.

#### **Welfare and disabled employees**

Visteon is an equal opportunities employer and is unreservedly opposed to any form of direct or indirect discrimination being practised against its employees or prospective employees because of their age, sex, parental status, colour, race, religion, nationality, creed, ethnic/national origin or disability status.

#### **Environmental matters**

The company is committed to practices that generate safe workplace actions, conditions and procedures. Visteon also protects and conserves the natural environment and complies with all accepted environmental standards.

#### **Political and charitable donations**

During the years ended 31 December 2022 and 31 December 2021 the company made no charitable donations.

#### **Directors' liabilities**

In accordance with the articles of association, the company has provided all the directors indemnity (to the extent permitted by the by section 234 of the Companies Act 2006) in respect of liabilities incurred as a result of their office. The indemnity does not cover a director in the event that the director is proved to have acted dishonestly or fraudulently.

#### **Statement of directors' responsibilities in respect of the annual report and the financial statements**

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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

## Visteon Engineering Services Limited – Annual Report 2022

### **Directors' report for the year ended 31 December 2022 (continued)**

#### **Statement of directors' responsibilities in respect of the annual report and the financial statements (continued)**

In preparing those financial statements, the directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

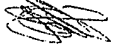
#### **Provision of information to auditor**

As far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and the directors have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **Subsequent events**

Subsequent to the balance sheet date, no further events of special importance occurred that could have a material impact on the net assets, financial position, or results of operations.

On behalf of the board

DocuSigned by:  
  
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I. Scott  
Director  
20 December 2023



## Visteon Engineering Services Limited – Annual Report 2022

### Independent auditor's report to the members of Visteon Engineering Services Limited

#### Opinion

We have audited the financial statements of Visteon Engineering Services Limited for the year ended 31 December 2022 which comprise the Profit and Loss account, the Statement of comprehensive income, the Statement of changes in equity, the Balance Sheet and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 31 December 2022 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

## Visteon Engineering Services Limited – Annual Report 2022

### **Independent auditor's report to the members of Visteon Engineering Services Limited (continued)**

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- ▶ the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the strategic report and 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 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 pages 6 and 7, 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.

## Visteon Engineering Services Limited – Annual Report 2022

### **Independent auditor's report to the members of Visteon Engineering Services Limited (continued)**

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 assessment focused on key laws and regulations the group has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 102, Companies Act 2006, direct and indirect tax compliance regulations. In addition, the company has to comply with health and safety regulations, employment laws, data protection and anti-bribery and corruption laws.
- We understood how the company is complying with those frameworks by making enquiries of management to understand how company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of Board minutes, review of correspondence with relevant authorities, as well as consideration of the results of our audit procedures across the company to either corroborate our findings or provide contrary evidence which was followed up.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding which areas of the business present potential fraud risk areas (through assessing the presence of opportunities, incentives or potential rationalisation to commit such acts of fraud), understanding where these risks could present themselves and subsequently identifying the process level controls in place to prevent, or detect and correct them. Combining this with our review of entity level controls, which have evidenced management's behaviour and the culture embedded within the company, we have gained a detailed understanding of the overall susceptibility to fraud.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved direct enquiries with those charged with governance, as well as specific analysis and testing of legal expenses incurred in the period to ascertain the nature of such costs and confirm their non-relation to non-compliance with applicable laws and regulations. In addition, we performed detailed testing around manual journals for identified fraud risks, corroborating balances where necessary to underlying supporting documentation. The results of these procedures did not identify any such instances of irregularities, including fraud.

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.

## Visteon Engineering Services Limited – Annual Report 2022

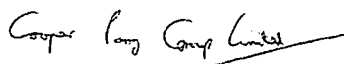
### **Independent auditor's report to the members of Visteon Engineering Services Limited (continued)**

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Lewis Aldridge', with a horizontal line extending to the right.

Lewis Aldridge (Senior Statutory Auditor)  
for and on behalf of Cooper Parry Group Limited, Statutory Auditor  
Derby, UK  
20 December 2023

## Visteon Engineering Services Limited – Annual Report 2022

**Profit and loss account for the year ended 31 December 2022**

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	2	<b>18,553</b>	18,928
Operating costs:			
Exceptional Items	3	(1,718)	956
Research and development, engineering costs	3	(7,849)	(11,791)
Administration		(3,538)	(2,842)
<b>Total operating costs</b>		<b>(13,105)</b>	(13,677)
<b>Operating profit</b>		<b>5,448</b>	5,251
	3		
Interest receivable	5	38	-
Interest payable	5	(4)	(1)
Other finance income/ (expense)	16	105	(199)
<b>Profit on ordinary activities before taxation</b>		<b>5,587</b>	5,051
Tax on profit on ordinary activities	6	(898)	(1,163)
<b>Profit for the financial year</b>		<b>4,689</b>	3,888

All of the above results relate to continuing operations.

**Statement of comprehensive income for the year ended 31 December 2022**

	2022 £'000	2021 £'000
Profit for the financial year	4,689	3,888
Actuarial (loss)/gain on pension scheme (note 16)	(4,854)	15,865
Less: deferred tax (debit)/credit on actuarial gain	922	(3,014)
<b>Other comprehensive (loss)/profit</b>	<b>(3,932)</b>	12,851
<b>Total comprehensive income</b>	<b>757</b>	16,739

## Visteon Engineering Services Limited – Annual Report 2022

**Statement of changes in equity for the year ended 31 December 2022**


	Called up share capital £'000	Profit and loss account £'000	Shareholders' equity £'000
At 1 January 2021	50	(457)	(407)
Profit for the year	-	3,888	3,888
Other comprehensive profit	-	12,851	12,851
Total comprehensive profit	-	16,739	16,739
Share based payment (note 17)	-	64	64
31 December 2021	50	16,346	16,396
Profit for the year	-	4,689	4,689
Other comprehensive loss	-	(3,932)	(3,932)
Total comprehensive profit	-	757	757
Share based payment (note 17)	-	109	109
31 December 2022	50	17,212	17,252

## Visteon Engineering Services Limited – Annual Report 2022

## Balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	8	22	211
Tangible assets	9	385	670
		<b>407</b>	<b>881</b>
<b>Current assets</b>			
Debtors – amounts falling due within one year	10	15,098	6,966
Debtors – amounts falling due after one year	10	1,036	1,152
Cash at bank and in hand		3,932	8,554
		<b>20,066</b>	<b>16,672</b>
<b>Creditors - amounts falling due within one year</b>	11	<b>(2,591)</b>	<b>(1,869)</b>
<b>Net current assets</b>		<b>17,475</b>	<b>14,803</b>
<b>Total assets less current liabilities</b>		<b>17,882</b>	<b>15,684</b>
<b>Provision for liabilities</b>	12	<b>(3,014)</b>	<b>(2,908)</b>
<b>Net assets excluding pension asset/ (liability)</b>		<b>14,868</b>	<b>12,776</b>
Pension asset/(liability)	16	2,394	3,620
<b>Net assets/(liabilities)</b>		<b>17,262</b>	<b>16,396</b>
<b>Capital and reserves</b>			
Called up share capital	13	50	50
Profit and loss account		17,212	16,346
<b>Total shareholders' funds</b>		<b>17,262</b>	<b>16,396</b>

The financial statements were approved by the board of directors on 20 December 2023 and were signed on their behalf by:

DocuSigned by:  
  
 63C939F797E4469...  
 I. Scott  
 Director

# Visteon Engineering Services Limited – Annual Report 2022

## Notes to the financial statements

for the year ended 31 December 2022

### 1. Accounting policies

#### Statement of compliance

Visteon Engineering Services Limited is a limited liability company incorporated in England. The registered office is 31, Springfield Lyons Approach, Chelmsford Business Park, Chelmsford, Essex, CM2 5LB.

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2022.

#### Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest thousand pounds.

The company has taken advantage of the following disclosure exemptions under FRS 102:

- from preparing a statement of cash flows as required by FRS 102 section 7 Statement of Cash Flows and section 3 Financial Statement Presentation paragraph 3.17(d);
- from disclosing transactions entered into between the company and other wholly owned companies within the Visteon Corporation Inc. group as required by FRS 102 paragraphs 33.8 to 33.14;
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7;
- From the financial instruments disclosures as required by FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), and 11.48(c) and paragraphs 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A, including:
  - Categories of financial instruments,
  - Items of income, expenses, gains or losses relating to financial instruments.
- The requirement of section 26 Share-based Payments paragraphs 26.18(b), 26.19 to 26.21 and 26.23

#### Going concern

The company's business activity, together with the factors likely to affect its future development and position are set out on pages 3 and 4 in the strategic report.

The company has prepared a cash flow forecast for the 12 month period to 31 December 2024 (the "review period"). The company's forecasts and projections, taking account of reasonably possible changes in trading performance and the company's current cash position, show that the company should be able to operate within the level of its current resources for the review period.

In addition, the company's parent undertaking, Visteon Corporation Inc. has confirmed that it will provide such financial support and other support as necessary to enable the company to meet its liabilities for the review period to 31 December 2024. As set out in note 19, the smallest and largest group in which the results of the company are consolidated is that headed by Visteon Corporation Inc. The directors have made enquiries and have a reasonable expectation that Visteon Corporation Inc. has adequate resources and liquidity to continue in operational existence for the review period. Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing these financial statements.



# Visteon Engineering Services Limited – Annual Report 2022

## Notes to the financial statements

for the year ended 31 December 2022

### 1. Accounting policies (continued)

#### Significant judgements and estimates

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

Significant estimates are the restructuring provision at £804,000 (2021: £118,000), based on actual payments during 2021 combined with the updated accrual for remaining costs, the lease provision on the VECO building at £1,491,000 (2021: £1,880,000), based on the residual lease payments to the expiry date, and the dilapidations provision at £640,000 (2021: £150,000), based on an assessment of the costs to bring the three properties back into a suitable condition to hand back to the landlord at the end of the lease.

#### Foreign currency transactions

Profit and loss account transactions in foreign currency are translated into sterling at rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the balance sheet date rate of exchange. All translation differences arising, together with realised foreign exchange differences, are taken to the profit and loss account.

#### Turnover

Turnover is comprised of invoice based sales excluding value added tax and is recognised on delivery of the services.

#### Intangible fixed assets

Computer software is amortised over three years, being the directors' estimate of its useful life.

#### Tangible fixed assets and depreciation

Tangible assets are stated at cost less depreciation and, if appropriate, provision for impairment. Depreciation is provided on categories of assets at rates appropriate to write down the cost of the assets to their residual values over their expected useful lives.

Short leasehold land and buildings and plant and machinery are depreciated on a straight line basis.

Expected useful lives are as follows:

Leasehold improvements	the life of the lease
Plant and machinery	3 to 10 years

#### Share based payments

##### Equity settled transactions

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined by an external valuer using an appropriate pricing model.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

## Visteon Engineering Services Limited – Annual Report 2022

### Notes to the financial statements

for the year ended 31 December 2022

#### 1. Accounting policies (continued)

##### Share based payments (continued)

###### Cash settled transactions

The cost of cash settled transactions is measured initially at fair value at the grant date using a Black-Scholes model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in profit or loss for the period.

##### Operating leases

Rental charges under operating leases are recognised in the profit and loss account on a straight line basis over the lives of the leases. Lease incentives received are spread over the lease term.

##### Research and development, engineering costs

The company is paid a fee by Visteon Corporation Inc. (USA) for the supply of engineering services. The related costs are included within research and development, engineering costs. The fee and rebilled costs are categorised as revenue.

##### Taxation including deferred taxation

The tax expense represents the sum of the current tax and deferred tax.

###### Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### Deferred tax

Deferred tax is provided on timing differences arising from the different treatment for financial statements and tax purposes of events and transactions recognised in the financial statements of the current and previous years. Deferred tax is calculated on a non-discounted basis at the rates at which it is estimated that tax will arise, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future years.

##### Pensions

Pension arrangements made by the company for its employees include both defined benefit and defined contribution elements. For defined contributions the amount recognised in the profit and loss account is equal to the contributions payable during the year.

For defined benefit arrangements, pension plan assets are measured using market value. Pension plan liabilities are measured using a discount rate based on high quality corporate bonds. Administrative and early termination costs have been included in operating costs. The net interest on the net defined benefit liability is included in other finance expense. Actuarial gains and losses are recognised in the statement of comprehensive income. The pension plan asset is recognised in full and presented on the face of the balance sheet.

## Visteon Engineering Services Limited – Annual Report 2022

**Notes to the financial statements**

for the year ended 31 December 2022

**2. Turnover**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
The analysis of turnover by geographical market is as follows:		
United Kingdom	<b>11,090</b>	9,130
North America	<b>5,300</b>	7,386
Continental Europe	<b>2,125</b>	2,214
Rest of the World	<b>38</b>	198
Total turnover	<b>18,553</b>	18,928

All turnover is generated within the UK. The company is paid a fee by Visteon Corporation Inc. for all engineering and other costs incurred, and is paid a fee by Visteon Finance Ltd for all administration expenses. There is also turnover generated directly with third parties.

**3. Operating profit**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit is stated after charging/(crediting):		
Research and development, engineering costs	<b>7,849</b>	11,791
Cash settled share based payments (note 17)	-	78
Amortisation of computer software (note 8)	<b>149</b>	682
Depreciation of tangible fixed assets (note 9)	<b>320</b>	457
Operating lease rentals:		
- Land and buildings	<b>322</b>	797
- Other rentals	<b>2</b>	7
Foreign exchange (gains)/losses	<b>(753)</b>	176
Above the line research and development credit	<b>(239)</b>	(165)
Exceptional Items:		
-Severance expense	<b>889</b>	(468)
-Onerous lease and dilapidations	<b>829</b>	(488)
Total exceptional items	<b>1,718</b>	(956)

Auditor's remuneration for audit of the financial statements of £29,000 (2021: £36,000) has been charged to operating results. Auditor's remuneration for provision of non-audit services relating to taxation compliance services was nil (2021: £9,000).

## Visteon Engineering Services Limited – Annual Report 2022

**Notes to the financial statements**

for the year ended 31 December 2022

**4. Staff costs****(a) Staff costs**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Employment costs:		
Wages and salaries	<b>7,332</b>	8,012
Social security costs	<b>717</b>	826
Pension costs	<b>1,174</b>	1,285
Severance expense	<b>889</b>	(468)
Total employment costs	<b>10,112</b>	9,655

**Average numbers of staff employed**

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Administration	<b>16</b>	24
Engineering	<b>62</b>	78
Average number of employees	<b>78</b>	102

Included in staff costs is £0 (2021: £78,000), relating to cash settled share based payments, and a debit of £109,000 (2021: debit of £64,000) relating to equity settled share based payments.

**(b) Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Directors' remuneration	<b>597</b>	813
which includes:		
Compensation for loss of office	-	30
Contributions to defined contribution pension schemes	<b>59</b>	65

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Number of directors who exercised share options	<b>3</b>	5
Number of directors accruing benefits under:		
Defined contribution scheme	<b>3</b>	4
Defined benefit scheme	<b>3</b>	4

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
In respect of the highest paid director:		
Aggregate remuneration	<b>263</b>	266
which includes:		
Contributions to defined contribution pension schemes	<b>21</b>	21
Accrued pension at the end of the year	<b>58</b>	51

The highest paid director exercised share options during the year and prior year.

## Visteon Engineering Services Limited – Annual Report 2022

**Notes to the financial statements**

for the year ended 31 December 2022

**5. Interest payable and receivable**

	2022 £'000	2021 £'000
<b>Interest payable</b>		
Other	(4)	(1)
<b>Total interest payable</b>	<b>(4)</b>	<b>(1)</b>
<b>Interest receivable</b>		
Group undertakings	38	-
Bank interest receivable	-	-
<b>Total interest receivable</b>	<b>38</b>	<b>-</b>

**6. Tax on profit on ordinary activities**

	2022 £'000	2021 £'000
<b>Current tax:</b>		
UK corporation tax on profit of the year	636	176
Adjustment in respect of prior years	25	(446)
<b>Total current tax</b>	<b>661</b>	<b>(270)</b>
<b>Deferred tax:</b>		
Current year charge/(credit)	237	1,433
<b>Total tax:</b>		
Current year charge/(credit)	<b>898</b>	<b>1,163</b>
<b>Reconciliation of tax charge:</b>		
Profit on ordinary activities before taxation	5,587	5,051
Notional income tax at UK statutory rate of 19% (2021: 19%)	1,061	960
Expenses not deductible for tax purposes	-	-
Tax under/(over) provided in prior year	25	(446)
Origination and reversal of timing differences	(188)	466
Change in tax laws and rates	-	183
Deferred tax on share based payments	-	-
<b>Total tax charge/(credit)</b>	<b>898</b>	<b>1,163</b>

## Visteon Engineering Services Limited – Annual Report 2022

### Notes to the financial statements

for the year ended 31 December 2022

#### 6. Tax on profit on ordinary activities (continued)

Tax debited/(credited) to other comprehensive expense

	2022 £'000	2021 £'000
Deferred tax debit/(credit) on actuarial gain/loss on defined benefit pension scheme	(922)	3,014

Deferred tax assets in respect of the pension deficit are considered fully recoverable given the cost-plus nature of the business model and resultant forecasted taxable profits. Refer to note 18 for details of deferred tax assets/liabilities.

At the Spring Budget 2021, the government announced that the Corporation Tax main rate for non-ring fence profits would increase to 25% for profits above £250,000. Therefore, deferred taxes on the balance sheet have been measured at 25%, which represents the future corporation tax rate that was enacted at the balance sheet date.

#### 7. Dividend

No dividend has been paid in 2021 and no dividend is proposed in respect of the 2022 financial year (2021: £0).

#### 8. Intangible assets

	Computer Software £'000
Cost	
At 1 January 2022	3,133
Additions	14
Disposals	(153)
31 December 2022	2,994
Amortisation	
At 1 January 2022	2,922
Charge for the year	149
Disposals	(99)
31 December 2022	2,972
Net book value at 31 December 2022	22
Net book value at 31 December 2021	211

Computer software is amortised over three years, in line with the directors' estimate of its useful life.

## Visteon Engineering Services Limited – Annual Report 2022

**Notes to the financial statements**

for the year ended 31 December 2022

**9. Tangible assets**

	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2022	2,454	2,777	5,231
Additions	-	36	36
Disposals	-	-	-
31 December 2022	2,454	2,813	5,267
Depreciation			
At 1 January 2022	2,100	2,461	4,561
Charge for the year	153	168	321
Disposals	-	-	-
31 December 2022	2,253	2,629	4,882
Net book value at 31 December 2022	201	184	385
Net book value at 31 December 2021	354	316	670

**10. Debtors**

	2022 £'000	2021 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	1,236	1,804
Amounts owed by group undertakings:		
- Parent	1,319	1,170
- Other	12,480	3,442
Other debtors	-	10
Prepayments and accrued income	47	528
Current deferred tax asset (note 18)	16	12
	<b>15,098</b>	<b>6,966</b>

Except for the cash-pooling activity, all amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

	2022 £'000	2021 £'000
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	1,036	1,152
Deferred tax asset (note 18)	-	-
	<b>1,036</b>	<b>1,152</b>

## Visteon Engineering Services Limited – Annual Report 2022

### Notes to the financial statements

for the year ended 31 December 2022

#### 11. Creditors

	2022 £'000	2021 £'000
<b>Amounts falling due within one year:</b>		
Trade creditors	85	101
Amounts owed to group undertakings:		
- Parent	-	-
- Other	5	6
Corporation tax	423	10
Other taxes and social security payable	426	500
Other creditors	1,366	1,066
Accruals and deferred income	286	186
	<b>2,591</b>	<b>1,869</b>

All amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 12. Provision for liabilities

	Onerous lease £'000	Restructuring £'000	Dilapidations £'000	Deferred tax liability* £'000	Total £'000
At 1 January 2022	1,880	118	150	760	2,908
Additions	399	686	490	-	1,575
Utilised/ released	(788)	-	-	(681)	(1,469)
31 December 2022	1,491	804	640	79	3,014

\*see note 18

The VECO building was vacated by 31 July 2021. The onerous lease provision covers the remaining life of the lease to 23 June 2024. The restructuring provision at December 2022 was an estimate of the cost of reducing staff numbers, which is expected to be completed by the end of 2024. Dilapidations is the cost to put the offices of the company back in their original state at the end of each lease. A deferred tax liability was calculated on the pension plan revaluation surplus (note 18).

#### 13. Called up share capital

	2022 £'000	2021 £'000
Authorised 50,000 (2020: 50,000) ordinary shares of £1 each	50	50
Allotted and fully paid 50,000 (2020: 50,000) ordinary shares of £1 each	50	50



# Visteon Engineering Services Limited – Annual Report 2022

## Notes to the financial statements

for the year ended 31 December 2022

### 14. Operating lease commitments

	2022 £'000	2021 £'000
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	1,042	1,017
Later than one year and not later than five years	1,515	1,477
Later than five years	128	-
	2,685	2,494

### 15. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties over which the Visteon Group has control, but which are not wholly owned. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	Sales to related parties £'000	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
2022				
Yanfeng Visteon Elec. Tech. (Shanghai)	-	2	-	-
Yanfeng Visteon Investment	-	-	-	-
2021				
Yanfeng Visteon Elec. Tech. (Shanghai)	-	30	-	-
Yanfeng Visteon Investment	62	-	-	-

### 16. Pension costs

The company operates two pension arrangements, the Visteon Engineering Services Pension Plan (VES PP), a closed defined benefit scheme and the company's stakeholder defined contribution scheme.

The contributions payable for the stakeholder pension arrangement of £611,000 (2021: £914,000) have been fully expensed against profits in the current year.

The company pension plan (VES PP) was established 1 November 2007, with a corporate trustee. The defined benefit plan is closed to new entrants and future service accruals. The assets of the VES PP are held independently of the company's assets. A formal actuarial valuation of the plan is carried out every three years, most recently at 31 March 2021. At that date the assets of VES PP were £142,868,000 which represented 85% of the benefits that had accrued to members. The VES PP is reappraised annually by independent actuaries in accordance with FRS 102.

The defined benefit scheme, VES PP, exposes the company to actuarial risks, such as longevity risk, currency risk, inflation risk, interest rate risk, and market (investment) risk.

## Visteon Engineering Services Limited – Annual Report 2022

**Notes to the financial statements**

for the year ended 31 December 2022

**16. Pension costs (continued)****Funded status, end of year**

	2022 £'000	2021 £'000
Fair value of plan assets	97,346	162,191
Benefit obligations	(94,952)	(158,571)
Funded status surplus	2,394	3,620

**Assumptions used at the balance sheet date:**

	2022	2021
Discount rate	4.93%	1.92%
Inflation assumption	3.30%	3.35%
Expected rate of return on plan assets	4.93%	1.92%
Rate of increase in salaries	2.50%	2.00%
Pension increase assumption	3.10%	3.15%
Life expectancy at age 65 for a male currently aged 65	23.3 years	23.1 years
Life expectancy at age 65 for a male currently aged 45	24.6 years	24.4 years
Life expectancy at age 65 for a female currently aged 65	25.4 years	25.2 years
Life expectancy at age 65 for a female currently aged 45	26.8 years	26.6 years

**Present value of defined benefit obligations:**

	2022 £'000	2021 £'000
Benefit obligation at 1 January	158,571	169,737
Interest cost	3,016	2,372
Actuarial (gain)/loss	(63,880)	(8,067)
Gross benefits paid	(2,946)	(5,431)
Early termination and other	191	(40)
Benefit obligation at 31 December	94,952	158,571

**Fair value of plan assets:**

	2022 £'000	2021 £'000
Fair value at 1 January	162,191	153,807
Expected return	3,121	2,173
Actuarial (loss)/gain	(68,733)	7,798
Employer's contributions	4,085	4,255
Gross benefits paid	(2,946)	(5,431)
Administrative costs paid	(372)	(411)
Fair value of plan assets at 31 December	97,346	162,191

The company estimates that pension contributions to the scheme in 2023 will total £3,748,000.

## Visteon Engineering Services Limited – Annual Report 2022

**Notes to the financial statements**

for the year ended 31 December 2022

**16. Pension costs (continued)****Plan asset allocation:**

	2022 £'000	Allocation %	2021 £'000	Allocation %
Debt securities	70,722	72.7	77,059	47.5
Equities & other	8,342	8.6	39,713	24.5
Alternative funds	15,717	16.1	21,320	13.1
Hedging derivatives	-	-	17,714	10.9
Cash	2,565	2.6	6,385	4.0
Total market value of assets	97,346	100.0	162,191	100.0

The pension plan has not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

**Analysis of the amount charged to operating expenses:**

	2022 £'000	2021 £'000
Administration costs	372	411
Early termination and other	191	(40)
Charged to operating expenses	563	371

**Analysis of the amount charged to finance expenses:**

	2022 £'000	2021 £'000
Net interest on pension plan assets and liabilities	(105)	199
Charged to other finance expense	(105)	199

**Other comprehensive income**

	2022 £'000	2021 £'000
Actuarial gain/(loss) arising during the period	63,880	8,067
Return on plan assets greater/(less) than the discount rate	(68,734)	7,798
Actuarial gain/(loss)	(4,854)	15,865
Related deferred tax (charge)/credit	922	(3,014)
Actuarial gain/(loss) per the statement of comprehensive income	(3,932)	12,851

The total amounts included in the statement of comprehensive income are shown on page 12.

## Visteon Engineering Services Limited – Annual Report 2022

### Notes to the financial statements

for the year ended 31 December 2022

#### 17. Share based payments

##### Restricted Stock Units (RSU)

Certain senior employees are granted RSU. The instruments entitle the holders to a stock settlement in shares of Visteon Corporation Inc. at their exercise date. The only vesting condition is continued employment. The RSU are exercisable at nil cost to the employee.

##### Performance Stock Units (PSU)

Certain senior employees are granted PSU. The grant is measured by Visteon's stock performance against its peer group stock performance. The grant entitles the holders to a stock settlement in shares of Visteon Corporation Inc., derived from the outperformance of the share price of Visteon Corporation Inc., up to the vesting date. The only vesting condition is continued employment. The PSU are exercisable at nil cost to the employee.

##### Performance Stock Cash (PSC)

The company grants certain senior employees PSC. The grant is measured by Visteon's stock performance against its peer group stock performance. The grant entitles the holders to a cash settlement derived from the outperformance of the share price of Visteon Corporation Inc. up to the vesting date. The only vesting condition is continued employment. The PSU are exercisable at nil cost to the employee.

##### Stock Appreciation Rights (SAR)

The company grants certain senior employees SAR. The instruments entitle the holders to a cash settlement equivalent to the share price of Visteon Corporation at their exercise date. The only vesting condition is continued employment. The SAR are exercisable at the grant date share price cost to the employee at any time after the vesting date and up to 10 years from the grant date.

SAR options exercised in the year were £0 (2021: 78,000).

The group policy for UK employees is to equity settle the unit share based payments. This has resulted in a credit to reserves of £109,000 (2021: credit of £64,000).

The carrying amount of the liability relating to the cash-settled share based payments at 31 December 2022 is £0 (2021: £0).

## Visteon Engineering Services Limited – Annual Report 2022

### Notes to the financial statements

for the year ended 31 December 2022

#### 18. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2022 £'000	2021 £'000
Current deferred tax asset/ (liability)	16	12
Long term deferred tax (liability)/asset	(79)	(760)
Total	(63)	(748)
Decelerated/(accelerated) capital allowances	158	78
Short-term timing differences	16	12
Other timing differences	361	67
Pension scheme (surplus)/deficit	(598)	(905)
	(63)	(748)

Movement in period:

	£'000
At 1 January 2022	(748)
Charged to income	(237)
Amount charged to other comprehensive income	922
At 31 December 2022	(63)

#### 19. Ultimate parent undertaking

Visteon International Holdings Inc., has a 100% interest in the equity capital of the company. The ultimate parent undertaking and controlling party is Visteon Corporation Inc., a company incorporated in the USA. Copies of the ultimate parent undertaking's financial statements may be obtained from One Village Center Drive, Van Buren Township, Michigan, 48111, USA.

The smallest and largest group in which the results of the company are consolidated is that prepared by Visteon Corporation Inc.

#### 20. Subsequent events

Subsequent to the balance sheet date, no further events of special importance occurred that could have a material impact on the net assets, financial position, or results of operations.