

Company registration number 03640941 (England and Wales)

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

COMPANY INFORMATION

Directors	Mr H James Mr I Gardiner Mr A Holthouse Mr Stephane Janiszewski
Secretaries	Mr H James
Company number	03640941
Registered office	Arvin Meritor Grange Road Cwmbran Gwent United Kingdom NP44 3XU
Independent auditors	PricewaterhouseCoopers LLP 1 Kingsway Cardiff CF10 3PW United Kingdom

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

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MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their strategic report on the affairs of the company, together with the audited financial statements, directors' report and auditors report, for the year ended 31 December 2024.

The directors, in preparing this strategic report, have complied with s414c of the Companies Act 2006.

Business review

On 1 January 2024, we signed a new long-term agreement with our main customer Volvo which provides an improved base price for our products and enhanced mechanisms for the recovery of inflationary pressures which is expected to have a positive effect on our financial performance across the contract term.

Despite the signing of a new long-term agreement, 2024 has been a challenging year which is reflected in our financial results. The European truck market slowed considerably during the year which is reflected in our lower sales volumes, whilst the hangover effect of inflationary pressures from 2023, particularly on freight costs, continued throughout most of the year impacting our operating margins and bottom line. Cost pressures eased somewhat in the final quarter of the year but lower volumes are still predicted for 2025.

During the year, the company announced a \$35m investment in the Cwmbran facility as part of the wider Cummins 'ProductionNEXT' initiative; a global programme to transform the group's supply chain to be more agile, efficient and resilient. The investment in the Cwmbran facility is designed to modernize the Cwmbran facility with the latest manufacturing concepts, enhance production capabilities and drive customer-focused, profitable growth. The expected benefits of the investment include:

- Reshoring of critical assembly work from a vendor in India.
- Increase capacity, including more physical floor space to acquire new customers.
- Enhanced reliability and quality via upgraded equipment.
- Streamlined production processes and optimized workflow.
- New technologies that create opportunities for employee skill development and potential career advancement.

Whilst the results for the year are indicative of the globally challenging environment, from an underlying trading perspective the business has been performing well, meeting our global customer demands delivering high quality products and maintaining a close control over our controllable costs. Whilst 2025 is likely to continue to be a challenging period, the directors believe that the terms of our new long-term contract with our main customer Volvo, the increased investment in the facility and the reduction of inflationary pressures are realized, the business will be well placed in the future.

Principal activities and future developments

The principal activity of the company continued to be that of the design, manufacture, and supply of disk brake products.

The majority of the company's products are exported to Europe and beyond. The largest customer of the business is Volvo. A new five year agreement with Volvo was signed effective 1 January 2024 providing both a higher base price for the goods provided together with wider mechanisms for the recovery of inflationary pressures which is expected to improve the financial performance of the business over that period.

The turnover for the year ended 31 December 2024 was £124,786,000 (2023: £143,292,000), the decrease largely as a result of lower volumes during the year. The loss before taxation of £5,774,000 (2023: £6,172,000) is marginally better than the prior year with the upsides of the new long-term agreement and lower inflation offset by the drop-off in sales volumes. The loss after taxation of £7,285,000 (2023: £14,872,000) is the result of a tax charge of £1,511,000 (2023: tax charge of £ 8,700,000) recorded in the year as a result of the deterioration of the pension asset value. The charge is offset by a similar tax credit in the statement of comprehensive income.

The net assets of the company at 31 December 2024 were £63,158,000, a decrease of £11,774,000 from the prior year driven by the loss in the year of £7,285,000 and a decrease in the defined benefit pension asset of £2,700,000.

The company's average headcount has dropped marginally on the prior year at 440 (2023: 475) largely as a result of a reduction in temporary employees and retirees not being replaced. Investment in the forward-looking aspects of the business such as research and development and business development were approximately £0.2m lower than previous years as per note 5.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors are not aware of any other future developments which are likely to have a direct material impact on the nature of the business or the results of its operations.

Principal risks and uncertainties

The company's sales are largely dependent on one customer, Volvo. The company signed a new five year agreement with Volvo on 1 January 2024. The company is also involved in several bids for business with other major customers, aimed at both expanding the business profitably and further mitigating this risk in the long term.

A significant proportion of the company's sales are made in Euros and the company is therefore exposed to the movement in exchange rates. To offset this risk a major part of the company's material purchases are also made in euros. When significant foreign exchange exposure is identified, the company has access via its ultimate parent company's corporate treasury function to foreign exchange forward contracts. The hedging of such exposures through foreign exchange forward contracts was previously managed centrally by Meritor, Inc. on a group basis but this function is now managed centrally by Cummins, Inc. The company does not enter into forward foreign currency contracts itself; fellow Cummins, Inc. group companies enter into these contracts directly on the instruction of corporate treasury. Gains or losses arising are subsequently allocated to the company by Cummins, Inc. as appropriate and are included as either a cost of sales or an administrative cost depending on the substance of the underlying transaction.

Section 172 statement

Section 172 of the Companies Act 2006 requires that directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. The likely consequences of any decision in the long term
- b. The interests of the company's employees
- c. The need to foster the company's business relationships with suppliers, and customers
- d. The impact of the company's operations on the community and the environment
- e. The desirability of the company maintaining a reputation for high standards of business conduct
- f. The need to act fairly as between members of the company

The directors recognise their responsibilities under the Act and are satisfied they have met their duties regarding these matters. Typically, in large and complex companies such as ours, the directors fulfil their duties through a governance framework that delegates day-to-day decision making to employees of the company. The following paragraphs together with relevant cross-references to the financial statements summarise how the directors have fulfilled their duties.

Our purpose, strategy and consideration of the consequences of decisions for the long term

Our vision is to be the recognised leader in advanced braking solutions to the global commercial vehicle market which drives our mission of:

- Anticipating customer needs by developing innovative products that provide superior performance, energy efficiency and reliability.
- Provide a leading portfolio of differentiated services supporting our customers' products throughout their life cycle.
- Distinguishing ourselves through our ability to consistently deliver on our commitments while also maximising value for our shareholders, customers and employees.

The long term business plan is focussed on driving product development with the primary aim of weight reduction. In addition to existing product development, the Board recognises the need to invest in emerging technologies such as electrification and elements of our research and development investment is focussed on this key area.

Employees

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

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Employee participation

The Company is part of the wider Cummins, Inc. Group and is therefore party to Group wide policies on procedures with regard employee participation. Both the Company and the wider Group is committed to investing heavily in its people recognizing that people are the core of our business and the provision of a work environment that allows our employees to reach their full potential is vital to the success of the wider business.

The Company is committed to recruiting, developing and retaining a high-performance and diverse workforce through strategic partnerships and collaboration within the business. The goal is to maximise individual and organizational potential within the workforce.

Both the Company and the Group recognise the need to communicate regularly and effectively with employees at all levels and this is conducted at both a Group and Company level.

Group communications include, but are not limited to:

Quarterly all employee newsletters

These all employee newsletters provide updates from each of the key functions within the Company including an update on the trading position of the company.

Employee bulletin boards

These boards are used to provide information to employees, particularly those operating on the factory floor and with limited access to the intranet. These cover a wide range of areas including operational and financial performance, employee updates together with any employee vacancies and training.

Trade Union

All employees below management are part of the Trade Union which meets regularly with local leadership to ensure any employee views are considered as part of local decision making including items such as remuneration, working conditions and any other employee related matters.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Training and development

The company encourages all employees to embrace continuous learning of new concepts, skills and behaviours. All employees are provided access to an employee development portal in addition to formal training programmes which are relevant to their roles.

Health and safety

Environment, health and safety (EH&S) risk management is a prerequisite for commercial success and forms an integral part of our business strategy. Meritor's commitments are guided by our EH&S Policy, which is global in scope and covers all company entities, affiliates and consolidated joint ventures.

We are committed to complying with all applicable environmental, health and safety laws and regulations and are building a performance-based culture that encourages employees to strive for best practices in EH&S performance. EH&S responsibility and performance are relevant factors in employment, retention, compensation and business decisions. We provide our employees with regular training on EH&S issues.

The operations team works closely with our legal group's environmental compliance experts to ensure we are aware of the latest trends in environmental compliance and sustainability.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Our manufacturing facility in Cwmbran is in compliance with ISO 14001 certification. In addition to systematic management of environmental risks under normal operations, ISO certification also requires the adoption and regular verification of emergency plans and procedures and related staff training. These procedures define roles, responsibilities and responses when tackling emergency situations to protect people and the environment.

The environmental certification maintenance process includes a series of external third-party audits, carried out by accredited bodies. The audit process requires annual surveillance monitoring with certification renewal every three years.

As part of the Cummins Inc group, the company is also part of the wider group's Destination Zero initiative which is the group's strategy for reaching zero emissions by 2050.

Business relationships

Our mission is clearly focussed on anticipating our customers' needs and providing the highest levels of service. We have in place dedicated client service teams who are responsible for managing our customer relationships ensuring their needs are met. We hold regular meetings with our major customers focussing on key areas such as product quality, delivery times, cost savings plans and future development utilising a scorecard approach to monitor this.

We also recognise the key part that our suppliers play in our mission who are all supported by a dedicated procurement team. We value all our suppliers and have multi-year contracts with our key suppliers.

Business conduct

As noted above, the company invests heavily in maintaining strong customer and supplier relationships but the directors also recognise the need to ensure the company conducts its business to the highest standard and meets all regulatory and legal requirements. The directors have established appropriate legal, finance and operational teams to ensure that such matters are met.

Community and Environment

The Board recognises that the company is one of the largest employers in the region and a large proportion of our workforce live locally. The company contributes to a number of local initiatives and annually holds an open day for members of the local community to visit the site and view our operations. In addition, the company is a member of the Welsh Automotive Forum meeting regularly to develop a common approach in achieving sustainable continuous improvement for the Automotive Industry in Wales.

The directors' also recognise the impact large international manufacturing businesses have on the environment and the increasing need to assess and indeed address this. Whilst no formal policies or procedures exist with this regard the directors have identified key components of the business which could impact climate change including:

- Transportation of components from suppliers used in the manufacture of the Company's goods and the transportation of finished goods to end customers using both road, sea and freight
- Energy usage during the manufacture of goods and within the administrative offices
- Carbon emissions arising from employees travelling both domestically and internationally

The directors have taken steps to address these matters and will continue to do so in the future including:

- Optimising the utilisation of hauliers to limit the number of deliveries required both in terms of supplies received and shipped. In addition, the company seeks to minimise the use of air freight
- Use of modern technology such as motion sensor lighting to reduce energy usage
- Work with responsible utility providers
- Provision of modern technology such as Microsoft Teams and Zoom to reduce the requirement for frequent international and domestic air travel

The directors recognise that this is a continually evolving area and the Company is committed to ensuring it responds appropriately to climate risk.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Other information and explanations

Shareholders

The company is a wholly owned subsidiary of Cummins Inc, a global business listed on the New York Stock Exchange. The vision and mission of the company is aligned with that of Cummins Inc.

Approved by the board and signed on its behalf by



.....
Mr H James
Director

Date: 30 June 2025

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their annual report and audited financial statements for the year ended 31 December 2024.

A fair review of the business and discussion of principal risks and uncertainties and future developments is covered in the strategic report.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Mr H James	
Mr J Ramos	(Resigned 1 August 2024)
Mr I Gardiner	
Mr J McBride	(Resigned 1 August 2024)
Mr A Holthouse	(Appointed 1 August 2024)
Mr Stephane Janiszewski	(Appointed 1 August 2024)

Results and dividends

The results for the year are set out on page 14

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the date of approving the financial statements. These provisions are applied to directors of parent and subsidiary entities also.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Meritor Heavy Vehicle Braking Systems (UK) Limited is part of the Cummins, Inc. group ("the Group") and the use of financial derivatives is governed by the Group's policies which provide written policies on the use of financial derivatives to manage these risks. Derivative financial instruments are not used for speculative purposes.

Liquidity risk

The company is part of the Group's cash pooling scheme which ensures sufficient funds are available to maintain liquidity. Further detail regarding liquidity risk can be found in the Statement of accounting policies in the financial statements. The company is exposed to pricing risks on both indirect and direct purchases. These risks are managed through a combination of fixed price contracts, dual sourcing and leveraging the wider purchasing power of the Cummins Inc. group.

Cash flow risk

The Company's activities expose it to the risk of change in foreign currency exchange rates. The Group uses foreign exchange forward contracts to hedge these exposures.

Credit risk

The Company's principal financial assets are trade and other receivables. The Company's credit risk is primarily attributed to its trade receivables. The amount presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company is exposed to credit risk on its large customer however the exposure is actively managed through the use of appropriate credit limits and debt factoring.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Post balance sheet events

The company has not identified any post balance sheet events which would necessitate disclosure in the financial statements.

Key performance indicators

The company's key performance indicators (KPIs), which are used by management and the board in monitoring the performance of the company are as follows:

Metric	2024	2023	2022	2021	2020	Qualitative analysis
<i>Days sales Outstanding</i>	65	72	43	62	82.2	<i>Improved cash collection ahead of the financial year close</i>
<i>Days payable</i>	40	44	31	65	53.6	<i>Broadly consistent with the prior year</i>
<i>Inventory Days</i>	43	49	57	60	18.4	<i>Active management of inventory to reduce levels ahead of the annual physical inventory count in Dec-24</i>
<i>Revenue (£000)</i>	124,786	143,292	165,268	124,674	96,663	<i>Decrease on 2023 owing to lower sales volumes</i>

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Independent Auditors

The auditor, PricewaterhouseCoopers LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Energy and carbon report

In line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 our energy use and greenhouse gas (GHG) emissions are set out below.

	January 2024 - December 2024	January 2023 - December 2023
Total Energy consumption	7,951,117 kWh	8,999,146 kWh
Emissions from combustion of gas (Scope 1)	222 tCO ₂ e	236 tCO ₂ e
Emissions from combustion of fuel for the purposes of transport (Scope 1)	16 tCO ₂ e	0 tCO ₂ e
Emissions from purchased electricity (Scope 2)	1,382 TtCO ₂ e	1,596 tCO ₂ e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	0 tCO ₂ e	0 tCO ₂ e
Total gross emissions	1,620 tCO₂e	2,832 tCO₂e
Emissions per 1000 sq ft	5.4tCO₂e per 1000 sq ft	6.1tCO₂e per 1000 sq ft

Quantification and reporting methodology

We report our emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). The 2020 UK Government GHG Conversion Factors for Company Reporting published by the UK Department for Environment Food & Rural Affairs (DEFRA) are used to convert energy use in our operations to emissions of CO₂e. Carbon emission factors for purchased electricity calculated according to the 'location-based grid average' method. This reflects the average emission of the grid where the energy consumption occurs. Data sources include billing, invoices and the Group's internal systems. For transport data where actual usage data (e.g. litres) was unavailable conversions were made using average fuel consumption factors to estimate the usage.

Intensity Ratio

We have chosen to report our gross emissions against square footage of operational area.

Energy Efficiency Action:

Meritor Heavy Vehicle Braking Systems (UK) Limited is committed to reducing the Environmental impact of our operations. In the period covered by the report the company has installed LED lighting to offices and operational areas, continued process optimisation with the addition of new energy efficient cells for induction hardening of carriers and assembly of Opshafts and adjusters, whilst continuing to re-use waste heat. The selection of efficient equipment through the review of design and procurement has been ensured throughout.

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006

Statement of disclosure to auditors

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Going concern

The company has continued to generate losses in 2024 with a pre-tax loss of £5,774,000 which is primarily the result of lower sales volumes in the year and the continued inflationary impact on costs. As noted in the Strategic Report, we signed a new long-term contract with our major OEM customer Volvo Trucks on 1 January 2024 with new baseline selling prices which are expected to help the business return to profitable trading levels. In addition, the company has announced a significant strategic investment in the Cwmbran facility of \$35m which is expected to improve the future profitability of the business. The company has net current liabilities as at 31 December 2024 of £8,495,000 (2023: net current assets of £10,689,000).

The European heavy duty truck market demands in 2025 are expected to continue to be challenging which will impact the results in 2025. However, in the longer term, with the new long-term agreement with Volvo, a further reduction in inflationary pressures and the impact of the strategic investment in the Cwmbran facility, will enable the company to trade profitably in the future.

The directors together with the forecasts and sensitivities prepared are satisfied that the company can continue trading for at least 12 months from the date of signing the financial statements and settle all financial liabilities as they fall due.

In addition, the company is part of the wider Cummins, Inc. group which has cash and financing resources available to it of approximately \$2,264m, revolving credit facilities of \$2,741m and other credit facilities of \$628m (per the most recent 10k filing).

On behalf of the board



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Mr H James

Director

Date: 30 June 2025

Independent auditors' report to the members of Meritor Heavy Vehicle Braking Systems (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Meritor Heavy Vehicle Braking Systems (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2024; the Profit and loss account, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to overstate the financial performance of the company. Audit procedures performed by the engagement team included:

- Discussion with management and the Directors, including inquiries in respect of any known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of board minutes to identify any matters of non compliance with laws and regulations; and
- Identifying and testing journal entries, in particular any entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Bruan Treharne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
30 June 2025

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 £ 000	2023 £ 000
Turnover	3	124,786	143,292
Cost of sales		(115,883)	(125,016)
Gross profit		8,903	18,276
Distribution costs		(6,004)	(15,797)
Administrative expenses		(7,822)	(10,392)
Other operating income		113	246
Operating loss	5	(4,810)	(7,667)
Interest receivable and similar income	9	1,844	3,300
Interest payable and similar expenses	10	(2,808)	(1,805)
Loss before taxation		(5,774)	(6,172)
Tax on loss	11	(1,511)	(8,700)
Loss for the financial year		(7,285)	(14,872)

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 18 to 37 form part of these financial statements.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	2024 £ 000	2023 £ 000
Loss for the financial year	(7,285)	(14,872)
Other comprehensive expense		
Actuarial loss on defined benefit pension schemes	(6,000)	(34,800)
Tax relating to other comprehensive expense	1,511	8,700
Other comprehensive expense for the year	(4,489)	(26,100)
Total comprehensive expense for the year	(11,774)	(40,972)

The notes on pages 18 to 37 form part of these financial statements.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2024

		2024	2023
	Notes	£ 000	£ 000
Fixed assets			
Intangible assets	12	-	-
Tangible assets	13	36,291	26,224
Investments	14	3	3
		<u>36,294</u>	<u>26,227</u>
Current assets			
Stocks	16	13,770	17,727
Debtors	17	58,625	70,180
		<u>72,395</u>	<u>87,907</u>
Creditors: amounts falling due within one year	18	<u>(80,890)</u>	<u>(77,218)</u>
Net current (liabilities)/assets		<u>(8,495)</u>	<u>10,689</u>
Total assets less current liabilities		<u>27,799</u>	<u>36,916</u>
Provisions for liabilities			
Other provisions	20	<u>(1,241)</u>	<u>(1,284)</u>
		<u>(1,241)</u>	<u>(1,284)</u>
Defined benefit pension surplus	21	<u>36,600</u>	<u>39,300</u>
Net assets		<u><u>63,158</u></u>	<u><u>74,932</u></u>
Capital and reserves			
Called up share capital	22	296,707	296,707
Share premium account		1,887	1,887
Accumulated losses		(235,436)	(223,662)
Total equity		<u><u>63,158</u></u>	<u><u>74,932</u></u>

The notes on pages 18 to 37 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30 June 2025 and are signed on its behalf by:



Mr H James
Director

Company registration number 03640941 (England and Wales)

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Share capital	Share premium account	Profit and loss account	Total
	£ 000	£ 000	£ 000	£ 000
Balance at 1 January 2023	296,707	1,887	(182,690)	115,904
Year ended 31 December 2023:				
Loss for the year	-	-	(14,872)	(14,872)
Other comprehensive expense:				
Actuarial loss on defined benefit plans	-	-	(34,800)	(34,800)
Tax relating to other comprehensive expense	-	-	8,700	8,700
Total comprehensive expense for the year	-	-	(40,972)	(40,972)
Balance at 31 December 2023	296,707	1,887	(223,662)	74,932
Year ended 31 December 2024:				
Loss for the year	-	-	(7,285)	(7,285)
Other comprehensive expense:				
Actuarial loss on defined benefit plans	-	-	(6,000)	(6,000)
Tax relating to other comprehensive income	-	-	1,511	1,511
Total comprehensive expense for the year	-	-	(11,774)	(11,774)
Balance at 31 December 2024	296,707	1,887	(235,436)	63,158

The notes on pages 18 to 37 form part of these financial statements.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

Company information

Meritor Heavy Vehicle Braking Systems (UK) Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the company information page.

The principal activity of the company is stated in the Strategic Report on page 1.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ 000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel and other related party transactions.

The financial statements of the company are consolidated in the financial statements of Cummins, Inc. These consolidated financial statements are available from its registered office, 500 Jackson Street Box 3005 Columbus, IN 47201 United States. They can also be downloaded from the website www.cummins.com.

The company has taken the exemption provided by Section 401 of the Companies Act 2006 and has not prepared consolidated financial statements on the basis that the company is included in the consolidated financial statements of a larger group and those consolidated financial statements meet the criteria set out in section 401(2) of the act. These financial statements therefore present information about the company as an individual undertaking and not about its group.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.2 Going concern

The company has continued to generate losses in 2024 with a pre-tax loss of £5,774,000 which is primarily the result of lower sales volumes in the year and the continued inflationary impact on costs. As noted in the Strategic Report, we signed a new long-term contract with our major OEM customer Volvo Trucks on 1 January 2024 with new baseline selling prices which are expected to help the business return to profitable trading levels. In addition, the company has announced a significant strategic investment in the Cwmbran facility of \$35m which is expected to improve the future profitability of the business.

The European heavy duty truck market demands in 2025 are expected to continue to be challenging which will impact the results in 2025. However, in the longer term, with the new long-term agreement with Volvo, a further reduction in inflationary pressures and the impact of the strategic investment in the Cwmbran facility, will enable the company to trade profitably in the future.

The directors together with the forecasts and sensitivities prepared are satisfied that the company can continue trading for at least 12 months from the date of signing the financial statements and settle all financial liabilities as they fall due.

In addition, the company is part of the wider Cummins, Inc. group which has cash and financing resources available to it of approximately \$2,264m, revolving credit facilities of \$2,741m and other credit facilities of \$628m (per the most recent 10k filing).

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised within cost of sales so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% per annum
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MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	4% per annum
Plant and machinery	8% per annum
Tooling	33% per annum
Fixtures and fittings	20% per annum
Motor vehicles	33% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

Impairment of fixed assets (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are valued using a FIFO method and are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable 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 liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension 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 the 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 limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.19 Interest receivable

Interest income is recognised when it is probable that the economic benefit will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Recognition of pension asset

The company recognises a pension asset in line with FRS 102 as the company is entitled to any surplus on the pension scheme either on the winding up of the scheme or when the final scheme member dies. As the pension asset value is intrinsically linked to the assumptions used in the actuarial valuation together with the market value attributed to the scheme's assets, the pensions asset can vary significantly over time.

Key sources of estimation uncertainty

Discount rate used to determine the carrying amount of the Company's defined benefit asset

The company's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived.

3 Turnover

An analysis of the company's turnover is as follows:

	2024 £ 000	2023 £ 000
Turnover analysed by class of business		
Sale of goods	124,786	143,292
	<u>124,786</u>	<u>143,292</u>
	2024 £ 000	2023 £ 000
Turnover analysed by geographical market		
United Kingdom	1,969	1,800
Rest of Europe	106,700	125,800
Rest of the World	16,117	15,692
	<u>124,786</u>	<u>143,292</u>

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

4 Other operating income

	2024	2023
	£ 000	£ 000
Grants received	113	46
Other income	-	200
	<u>113</u>	<u>246</u>

5 Operating loss

	2024	2023
	£ 000	£ 000
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	674	(133)
Research and development costs	1,209	1,426
Government grants	(13)	(46)
Depreciation of owned tangible fixed assets	3,188	3,505
Profit on disposal of tangible fixed assets	-	(4)
Amortisation of intangible assets	-	47
Operating lease charges	105	98
	<u> </u>	<u> </u>

6 Auditors' remuneration

	2024	2023
	£ 000	£ 000
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the company	172	157
	<u> </u>	<u> </u>

There have been no non-audit services provided in the current or prior year.

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2024	2023
	Number	Number
Production	294	326
Sales and distribution	31	31
Administration	56	58
Engineering	59	60
	<u> </u>	<u> </u>
Total	440	475
	<u> </u>	<u> </u>

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

7 Employees

(Continued)

Their aggregate remuneration comprised:

	2024	2023
	£ 000	£ 000
Wages and salaries	16,290	17,389
Social security costs	1,587	1,588
Other pension costs	2,224	2,314
	<u>20,101</u>	<u>21,291</u>

8 Directors' remuneration

	2024	2023
	£ 000	£ 000
Remuneration for qualifying services	445	294
Company pension contributions to defined contribution schemes	33	31
	<u>478</u>	<u>325</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2024	2023
	£ 000	£ 000
Remuneration for qualifying services	217	165
Company pension contributions to defined contribution schemes	25	25
	<u>242</u>	<u>190</u>

The remaining company directors are remunerated for their services by Cummins, Inc for their services to the group as a whole, and it is not practicable to allocate their services to the company from their services to other group companies.

9 Interest receivable and similar income

	2024	2023
	£ 000	£ 000
Interest income		
Interest on the net defined benefit asset	1,800	3,300
Interest receivable from group companies	44	-
	<u>1,844</u>	<u>3,300</u>

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

10 Interest payable and similar expenses

2024	2023
£ 000	£ 000

Interest payable to group undertakings	2,808	1,805
	<u> </u>	<u> </u>

11 Tax on loss

2024	2023
£ 000	£ 000

Deferred tax

Origination and reversal of timing differences	1,511	8,700
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

2024	2023
£ 000	£ 000

Loss before taxation	(5,774)	(6,172)
	<u> </u>	<u> </u>

Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 23.52%)	(1,444)	(1,452)
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Tax effect of expenses that are not deductible in determining taxable profit	5	1
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Change in unrecognised deferred tax assets	(3,840)	9,546
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Adjustments in respect of prior years	11	-
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Effect of change in corporation tax rate	-	(50)
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Research and development tax credit	(8)	15
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Thin capitalisation adjustments	702	425
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Fixed asset differences	133	219
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Adjustments to brought forward values	-	10
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Timing not recognised in the tax computation	-	(14)
--	---	------

Group relief surrendered	5,952	-
	<u> </u>	<u> </u>

Taxation charge for the year	1,511	8,700
	<u> </u>	<u> </u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive expense:

2024	2023
£ 000	£ 000

Current tax arising on:

Actuarial differences recognised as other comprehensive income	(1,511)	(8,700)
	<u> </u>	<u> </u>

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024****11 Tax on loss****(Continued)**

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their effective tax rate per jurisdiction and the 15% minimum rate. Meritor Heavy Vehicle Braking Systems (UK) Limited expects to be within the scope of the Pillar Two rules in 2024 and the group has carried out an impact assessment and has determined that there is no material exposure to top-up taxes for the UK territory including for this entity.

12 Intangible assets

	Goodwill	Software	Total
	£ 000	£ 000	£ 000
Cost			
At 1 January 2024 and 31 December 2024	41,255	3,834	45,089
	<u> </u>	<u> </u>	<u> </u>
Accumulated amortisation and impairment			
At 1 January 2024 and 31 December 2024	41,255	3,834	45,089
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 31 December 2024	-	-	-
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2023	-	-	-
	<u> </u>	<u> </u>	<u> </u>

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

13 Tangible assets

	Freehold buildings	Assets under construction	Plant and machinery	Tooling	Fixtures and fittings	Motor vehicles	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Cost							
At 1 January 2024	18,077	2,355	54,898	8,225	322	48	83,925
Additions	-	13,275	-	-	-	-	13,275
Disposals	-	-	(1,761)	(124)	-	(7)	(1,892)
Transfers	145	(5,333)	4,647	331	16	194	-
At 31 December 2024	18,222	10,297	57,784	8,432	338	235	95,308
Accumulated depreciation and impairment							
At 1 January 2024	8,300	-	42,256	6,870	227	48	57,701
Depreciation charged in the year	520	-	2,087	549	17	15	3,188
Eliminated in respect of disposals	-	-	(1,747)	(118)	-	(7)	(1,872)
At 31 December 2024	8,820	-	42,596	7,301	244	56	59,017
Carrying amount							
At 31 December 2024	9,402	10,297	15,188	1,131	94	179	36,291
At 31 December 2023	9,777	2,355	12,642	1,355	95	-	26,224

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

13 Tangible assets **(Continued)**

Freehold land which is not depreciated has a cost and net book value of £1,741,000 (2023: £1,741,000).

14 Investments

	Notes	2024 £ 000	2023 £ 000
Investments in subsidiaries	15	3	3

15 Subsidiaries

Details of the company's subsidiary at 31 December 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Meritor Czech s.r.o.	Fugnerova 572, Vrchlabi, Vrchlabi 1 543 01 Czech Republic	Brake disc remanufacturing	Ordinary	100.00

16 Stocks

	2024 £ 000	2023 £ 000
Raw materials and consumables	10,943	13,050
Work in progress	2,362	4,427
Finished goods and goods for resale	465	250
	<u>13,770</u>	<u>17,727</u>

Inventory is stated after provisions of £1,060,000 (2023: £375,000).

17 Debtors

	2024 £ 000	2023 £ 000
Amounts falling due within one year:		
Trade debtors	13,319	20,800
Corporation tax recoverable	619	451
Amounts owed by group undertakings	38,676	38,617
Other debtors	796	2,487
Prepayments and accrued income	5,215	7,825
	<u>58,625</u>	<u>70,180</u>

Amounts owed by group undertakings attract no interest and are payable on demand.

The company is part of a group wide cash pooling agreement. Interest is received on any amount owed by the cash pooling entity at a rate of SONIA less 0.5% and paid on any amount owed to the cash pooling entity at a rate of SONIA plus 0.5%.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

18 Creditors: amounts falling due within one year

	2024	2023
	£ 000	£ 000
Trade creditors	11,317	14,496
Amounts owed to group undertakings	64,561	57,150
Taxation and social security	683	603
Other creditors	1	27
Accruals and deferred income	4,328	4,942
	<u>80,890</u>	<u>77,218</u>

Amounts owed to group undertakings other than that mentioned below attract no interest and are payable on demand.

The company is part of a group wide cash pooling agreement. Interest is received on any amount owed by the cash pooling entity at a rate of SONIA less 0.5% and paid on any amount owed to the cash pooling entity at a rate of SONIA plus 0.5%.

19 Deferred taxation

A deferred tax asset of £34,805,956 (2023: £44,079,609) has not been recognised in respect of management expenses and short-term timing differences, capital losses and interest costs as there is insufficient evidence that the asset will be recovered. An analysis of this unprovided deferred tax asset is as follows:

	Assets	Assets
	2024	2023
	£ 000	£ 000
Balances:		
Fixed asset timing differences	5,361	7,136
Trading losses	28,556	37,455
Capital losses	9,313	9,313
Pension provision	(9,100)	(9,825)
RDEC	676	-
	<u>34,806</u>	<u>44,079</u>
	2024	2023
	£ 000	£ 000
Deferred tax asset brought forward	-	-
Deferred tax charge to income statement for the period	(1,511)	(8,700)
Deferred tax credit in other comprehensive expense for the period	1,511	8,700
Deferred tax asset carried forward	<u>-</u>	<u>-</u>

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

20 Other provisions

	Long service holiday award	Product warranties	Environmental	Legal claims	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2023	66	521	120	830	1,537
Additional provisions in the year	11	85	-	-	96
Released in the year	-	(126)	-	-	(126)
Utilisation of provision	(25)	(65)	-	-	(90)
Foreign currency revaluation	-	(89)	-	(44)	(133)
At 1 January 2024	52	326	120	786	1,284
Additional provisions in the year	44	80	49	-	173
Released in the year	-	(55)	-	-	(55)
Utilisation of provision	(41)	(79)	(70)	-	(190)
Foreign currency revaluation	-	(12)	-	41	29
At 31 December 2024	55	260	99	827	1,241

The company holiday pay policy allows long-standing employees with 25 or more years' service to accumulate additional holidays over and above the normal holiday entitlement. Unused entitlement can be carried forward to future periods for settlement either by holiday taken, or cash payment in lieu.

The company records estimated product warranty costs at the time of shipment of products to customers. Warranty reserves are primarily based on factors that include past claims experience, sales history, product manufacturing and engineering changes and industry developments. Liabilities for product recall campaigns are recorded at the time the company's obligation is known and can be reasonably estimated. Product warranties are recorded for known warranty issues when amounts can be reasonably estimated. It is expected that the majority of this expenditure will be incurred within one year of the balance sheet date.

Applicable laws and regulations relating to the discharge of substances into the environment, the disposal of hazardous wastes and other activities affecting the environment have had an impact on the company at its site at Grange Road, Cwmbran. The process of estimating environmental liabilities is complex and dependent upon evolving physical and scientific data at the particular sites impacted, uncertainties as to remedies and technologies to be used and the outcome of discussions with regulatory agencies. The company records liabilities for environmental issues in the accounting period in which it is considered there exists a present obligation (legal or constructive) to remediate, it is probable that the obligation will be settled and the cost can be reliably estimated. The company records a liability for the total probable and estimable costs of remediation before consideration of recovery from insurers or other third parties. Included in the company's environmental liabilities are costs for ongoing operation, maintenance and monitoring at environmental sites in which remediation has been put into place. Remediation of all known environmental issues provided for is expected to be undertaken and paid within two years of the balance sheet date.

The company has recorded estimated legal costs (not covered by insurance policies) relating to ongoing legal claims for damages. Legal claims are ongoing and the timing of payments are uncertain, however a provision is recognised where at the balance sheet date the company has a present obligation to remediate, it is probable that the obligation will be settled and the costs can be reliably measured. It is expected that the majority of this expenditure will be incurred within three years of the balance sheet date.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

21 Retirement benefit schemes

	2024	2023
	£ 000	£ 000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	2,224	2,314

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees.

The company participates in the ArvinMeritor UK Pension Scheme (formerly the Meritor Automotive UK Pension Scheme), which is a funded, multi-employer, defined benefit scheme ("the Scheme"). The assets of the Scheme are held under trust, separately from those of the participating employers of the Scheme. The defined benefit, final salary section of the Scheme is closed to new members and future accrual.

Under the scheme the employees are entitled to retirement benefits varying between 1/13th% and 1/18th% of final salary on attainment of a retirement between the ages of 60 and 65. No other post retirement benefits are provided.

The following disclosures relate to the Scheme as a whole and not this company's share of the Scheme. Since the company is "legally responsible" for the plan and there is no agreement or policy for allocating the cost to other group entities, in accordance with Section 28 of FRS 102 the company has recognised the Scheme costs and associated surplus whilst other group entities simply recognise a cost equal to any contributions for the period. The Scheme is a defined benefit scheme and the related costs of the Scheme are assessed in accordance with the advice of qualified independent actuaries.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 March 2023 by Aon Hewitt Limited, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Other information

On the 5th of June 2025, the government announced a plan to introduce legislation to allow schemes to retrospectively obtain written actuarial confirmation of these historic benefit changes meeting the necessary standards. We therefore have no reason to believe such confirmations could not be obtained should they be required and hence do not expect any additional liability to arise.

	2024	2023
	%	%
Key assumptions		
RPI Inflation*	3.25	3.25
CPI Inflation*	3.00	3.00
Pension increases in payment:		
LPI (5%) pension increase rate	3.1	3.1
LPI (2.5%) pension increase rate	2.1	2.1
Post 88 GMP	2.4	2.4
Discount rate for Scheme liabilities	5.55	4.65

*Following an announcement from the UK Government in July 2010, pensions for deferred members of the Scheme have been revalued since 2010 in line with Consumer Prices Indexation (CPI) rather than Retail Prices Indexation (RPI) as in 2009. Increases to pensions in payment remain based on RPI where applicable.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

21 Retirement benefit schemes

(Continued)

<i>Mortality assumptions</i>	2024	2023
	Years	Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	20.1	20.1
- Females	22.4	22.4
Retiring in 20 years		
- Males	21.2	21.2
- Females	23.8	23.7
	2024	2023
	£ 000	£ 000
<i>Amounts recognised in the profit and loss account</i>		
Net interest on net defined benefit asset	(1,800)	(3,300)
Other costs	3,400	2,000
Total income	1,600	(1,300)
	2024	2023
	£ 000	£ 000
<i>Amounts taken to other comprehensive expense</i>		
Actual loss/(return) on scheme assets	22,700	(15,300)
Add: calculated interest element	15,600	16,700
Return on scheme assets excluding interest income	38,300	1,400
Other losses and gains	(32,300)	33,400
Total costs	6,000	34,800

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2024	2023
	£ 000	£ 000
Fair Value of plan assets	306,800	346,300
Present Value of defined benefit Obligation	(270,200)	(307,000)
Surplus in scheme	36,600	39,300

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

21 Retirement benefit schemes

(Continued)

<i>Movements in the present value of defined benefit obligations</i>	£ 000
Liabilities at 1 January 2024	307,000
Benefits paid	(18,400)
Actuarial gains and losses	(32,300)
Interest expense on defined benefit obligation	13,900
At 31 December 2024	<u>270,200</u>

The defined benefit obligations arise from plans which are wholly or partly funded.

<i>Movements in the fair value of plan assets</i>	£ 000
Fair value of assets at 1 January 2024	346,300
Interest income	15,600
Return on plan assets (excluding amounts included in net interest)	(38,300)
Benefits paid	(18,400)
Contributions by the employer	5,000
Other	(3,400)
At 31 December 2024	<u>306,800</u>

The actual loss on plan assets was £22.7m (2023: return on plan assets £15.3m)

	2024	2023
<i>Fair value of plan assets at the reporting period end</i>	£ 000	£ 000
Equity instruments	-	15,800
Property	9,400	25,100
Cash/net current assets	8,800	10,400
Index-linked gilts	157,600	178,200
Corporate, Absolute return bonds & Buy-in	80,800	90,300
Diversified Growth & Liquid credit	50,200	26,500
	<u>306,800</u>	<u>346,300</u>

22 Called up share capital

	2024	2023	2024	2023
	Number	Number	£ 000	£ 000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>296,707,164</u>	<u>296,707,164</u>	<u>296,707</u>	<u>296,707</u>

Each share: (A) carries the right to one vote per share; (B) carries the right to equal participation in dividends and all dividends shall be apportioned and paid proportionately amongst the members; (C) carries the right to equal participation in a distribution of capital (including on winding up); and (D) is not redeemable.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

23 Financial commitments, guarantees and contingent liabilities

A legal charge is held by the Welsh Ministry over a portion of the land owned by Meritor Heavy Vehicle Braking Systems (UK) Limited in relation to the government grant received of £152,685 (2023: £152,685)

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £ 000	2023 £ 000
Within one year	84	105
Between two and five years	81	165
	<u>165</u>	<u>270</u>

25 Events after the reporting date

The company has not identified any post balance sheet events which would necessitate disclosure in the financial statements.

26 Ultimate controlling party

The immediate parent company is Arvin European Holdings (UK) Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party of Arvin European Holdings (UK) Limited is Cummins, Inc., incorporated in the United States of America. Cummins, Inc. is also the parent undertaking of the smallest and largest group which includes the company for which group financial statements are prepared. Copies of the group financial statements of Cummins, Inc. are available from the company's registered address: 500 Jackson Street Box 3005 Columbus, IN 47201 United States. They can also be downloaded from the website www.cummins.com.