

Adient Seating UK Ltd

**Annual report and financial statements for the year ended
30 September 2022**

Adient Seating UK Ltd

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Adient Seating UK Ltd

Company information

Directors	M Flanagan P Rotman II G Smith M Hicks (appointed on 3 November 2022)
Registration number	00443687
Registered office	Demise C Ground Floor Welland House 120 Longwood Close Westwood Business Park Coventry CV4 8AE
Auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 D01 X9R7
Bankers	ING bank Slaski SA Ul. Sokolska 34 40-086 Katowice Poland Bank Mendes Gans N.V. Herengracht 619 1017 CE Amsterdam Netherlands Barclays Level 12 1 Churchill Place London E14 5HP
Solicitors	Reynolds Porter Chamberlain (RPC) Edward Colville Tower Bridge House St Katharine's Way London E1W 1AA

Adient Seating UK Ltd

Strategic report for the year ended 30 September 2022

The directors present their strategic report of the company for the year ended 30 September 2022.

Principal activities

The principal activities of the company is the manufacture and sale of trimmed seats, seat components and interiors to the automotive industry.

Results

The results for the financial year and the financial position of the company are shown in the accompanying financial statements. Loss before taxation for the financial year ended 30 September 2022 was £4,250,000 (2021: £12,432,000). The key drivers for the decrease in losses in the current year have been considered in the review of business below.

The company has net liabilities of £42,880,000 (2021: £19,166,000).

Review of business and future developments

The turnover for the financial year was £227,067,000 (2021: £284,138,000), a decrease of 20.1% compared to the prior year due to the impact of the semi-conductor shortages and due to lockdown in China because of the resurgence of Covid-19 which decreased the customers volume that impacts directly the company production.

Gross Margin has decreased from 1.92% in 2021 to 1.46% in 2022 because the company is directly impacted by the lower production levels at the OEM's (Original Equipment Manufacturer) as a result of the supply disruptions. These disruptions have led to unplanned downtime at Adient's production facilities, often with very little warning, which resulted in operating inefficiencies and limits the company's ability to adequately mitigate such inefficiencies.

Administration expenses decreased to £5,999,000, compared to £15,093,000 in previous year. The company suffered indirect effects due to the Ukraine war, namely, the increase in commodities energy costs, especially gas and electricity, but it is compensated with the contract manufacturing agreement signed between Company and Adient US LLC and effective fiscal period 2022, the Company is entitled for compensation payment to reach an arm's length return.

The company decreased the number of employees by 81 compared to previous year, as a reflection of the lower volume due to the impact of the semi-conductor shortages in the customers.

For Adient and its subsidiaries ,the business continues to work closely with customers to develop new products and redesign existing products to ensure the company maintains its competitive edge. It is difficult to forecast the performance of automobile markets in the future due to the uncertainty macroeconomics developments although the adoption of electric vehicles (EVs) is accelerating in the global automotive industry.

Business environment and strategy

The automotive industry continues to be highly competitive in all areas of the company's operations. The company continually seeks new business with a variety of vehicle manufacturers.

Adient Seating UK Ltd

Strategic report for the year ended 30 September 2022 (continued)

Key performance indicators ("KPIs")

The following KPIs are those which the directors use to monitor the business and which will assist in the understanding of its current overall position.

	2022	2021
Turnover per employee (£'000)	204	238
Gross profit margin	1.46%	1.92%
Distribution costs as a % of turnover	0.54%	0.45%
Administrative expenses as a % of turnover	2.64%	5.31%
Days sales outstanding	59	53
Inventory turnover (days)	24	19

Principal risks and uncertainties

The automotive industry has experienced widespread supply chain disruptions, primarily related to semiconductor chip shortages. Although Adient's seating products are not highly dependent directly on semiconductor chips, Adient is directly impacted by the lower production levels at the OEMs as a direct result of these supply chain disruptions. These disruptions have led to unplanned downtime at Adient's production facilities, often with very little warning which creates operating inefficiencies and limits Adient's ability to adequately mitigate such inefficiencies. The automotive industry has also experienced a period of significant price volatility (generally resulting in an increase in commodities energy costs, freight costs, labour costs and other input costs). These input cost increases and other exposures will likely continue into fiscal 2023 and perhaps further into the future.

This environment of significant price volatility has resulted in and may continue to result in increased costs for Adient that may not be, or may only be partially, offset. Adient also experienced constrained labour availability which has resulted in wage inflationary pressures, both internally and key vendors. Adient continues to assess any impact labour shortages and wage inflation might have on Adient's ability to perform its obligations. Although Adient has developed and implemented strategies to mitigate the impact of supply chain disruptions along with the impact of higher input and other costs, these strategies, together with commercial negotiations with Adient's customers and suppliers, typically offset only a portion of the adverse impact. Additionally, Adient's operating model requires long lead times between the design and development of products and the launch of production. This lead time requires Adient to secure vendor supplier well in advance to minimize launch and production inefficiencies. During such lead times, price commitments are subject to change and could lead to an inability to fully recover all such price changes.

The company requires risk management and operational policies and procedures to be implemented in all areas of the business. Furthermore, there is a robust supervision structure which allows management to account for the delivery of the company's contracts and to oversee relationships with its key stakeholders.

Adient Seating UK Ltd

Strategic report for the year ended 30 September 2022 (continued)

S172(1) statement and stakeholder engagement

Directors' duties

Section 172 of the Companies Act 2006 states that directors of the 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:

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

The Board understands their responsibilities under the Companies Act 2006 and have reviewed the current approach to decision making, employee engagement, business relationships with its stakeholders and being a responsible global citizen in our communities and to our environment. The following summarises how the company's board of directors fulfil their duties under section 172 of the Companies Act 2006.

Decision making

The company's strategy allows it to be competitive, flexible and resilient while also responding to a rapidly changing market situation. In 2022, examples included:

- Ensured a safe work environment by implementing strict COVID-19 mitigation actions.
- Monthly review of Key Performance Indicators (KPIs) and definition of actions to ensure it reaches its long-term objectives.
- Reviewed its operational structure to ensure its organizational model remains fit for the future.
- Assured mitigation actions for the semiconductors crisis to minimize the impact in the company.
- Ellesmere Port production plant closure due to not winning any future projects.

Adient Seating UK Ltd

Strategic report for the year ended 30 September 2022 (continued)

Employee Engagement

Our employees are the foundation of our success. Their professional qualifications and commitment are outstanding. In return, we offer attractive jobs, comprehensive opportunities for personal development and the opportunity to gain further qualifications. The company aims to be a responsible employer in its approach to the pay and benefits of employees. The health, safety and wellbeing of its employees is one of the primary considerations in the way the company does business. In 2022, the following activities have been performed:

- Ensured a safe work environment by implementing strict COVID-19 mitigation actions and providing for a safe return-to-work approach;
- Recognition schemes for Long Service and Performance;
- Monthly You Talks held with small groups of employees and senior leadership to have informal discussions;
- Quarterly Global and European All Employee Meetings;
- Annual performance review with one to one feedback on achievement;
- Commitment to our integrity, ethics and compliance through annual training; and
- Successful implementation of Hybrid Home Working & Programme for employees to work 0-5 days from home.
- Introduction of the Abroad Working Programme for employees to work 20 days abroad.
- Employee voluntary benefits and discounts platform which includes an Employee Assistance Programme (EAP).

Business Relationships with Stakeholders

Stakeholder engagement is important to the company and to Adient as a whole. Adient operates in a highly connected environment and its products and services are used extensively throughout the UK and it attracts interest from, and are interested in, a diverse group of stakeholders. Adient highly values regular exchanges with the stakeholders. The views, decisions and actions of stakeholders have a considerable impact on the business. In 2022, examples included:

- Ongoing coordination with the company's customers to provide cost effective automotive seating solutions that help achieve their goals and objectives. Our engineers work directly with their engineers to collaborate and develop seating solutions that ultimately improves safety and comfort for the consuming public within the automotive experience;
- Ongoing communication with the company's suppliers to develop deeper relationships with companies in the company's supply chains as well as develop strategic relationships with key suppliers. The company and Adient as a whole, perceive our global supplier network as a major contribution to value creation, quality and innovation and hence to our success. Our collaboration with our suppliers is based on a mutual understanding of product and production quality, security of supplies, competitive prices and innovation, as well as the continuous integration of our sustainability requirements. Suppliers have a significant impact on our sustainability performance and the sustainable development of society; and
- Regular exchange with HM Government and its various departments, UK trade bodies and industry associations as well as other stakeholders to build trust, understand positions, identify trends as well as build on and consolidate partnerships.
- Achieved Low Risk rating in the Business Risk Review performed by HMRC.

Adient Seating UK Ltd

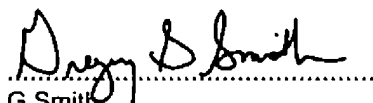
Strategic report for the year ended 30 September 2022 (continued)

Impact on the community and environment

One of the company's guiding principles to drive us forward and to help focus on what is most important to our success is that we support the communities in which we work, including being environmentally conscious. Examples of steps taken in 2022 to implement this guiding principle includes:

- Annual Scheme for all employees supporting sport.
- Salary Sacrifice Cycle to Work Scheme.
- The company is committed to having a positive impact on our environment. We believe this increases the connection we have with our stakeholders and provides long-term value to all of our stakeholders. To accomplish this, we monitor key internal environmental metrics as well as require our suppliers to commit to our global supplier standards.
- At Adient, we believe that a commitment to positive environmental, social and governance-related business practices strengthens our company, increases our connection with our shareholders, and helps us to better serve our customers and the communities in which we operate. Our goal is not only to drive environmental change by lessening the impact our business has on the planet, but also to focus on social and economic change for the benefit of everyone. The company is also engaging our suppliers in that long-term sustainable transformation.
- Projects implemented by the company in the different locations: LED Lighting, Packaging (bundling) reductions, Compressor optimizations, Broadcast removal (paperless system), Water usage reduction.

On behalf of the Board



G Smith
Director

Date: 29 June 2023

Adient Seating UK Ltd

Directors' report for the year ended 30 September 2022

The directors present their report and the audited financial statements of the company for the year ended 30 September 2022.

Dividends

The directors do not recommend the payment of a dividend (2021: £nil).

Future developments

The future developments of the company are noted in the strategic report.

Going concern

The company has net liabilities of £42,880,000 (2021: £19,166,000). This is due to the company's capital requirements being met through the Adient plc group cash pool debt £5,127,000 (2021: £27,218,000) and bank overdraft of £73,422,000 (2021: £54,168,000), which is secured by way of a guarantee from the ultimate parent company. Furthermore, the directors have received confirmation from the Adient Group that it will support the company if necessary for at least one year after the financial statements are signed.

With this support in place, covering the period until July 2024, and after assessing the Group's ability to provide the support if required, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Financial risk management

Credit risk

The company's policy is that the credit-worthiness of any prospective client, contractor, subcontractor, vendor, joint venture partner or any entity engaging in an economic transaction with the company must be evaluated to ascertain whether it has the financial capacity to enter into and perform its obligations under such transactions. This process is undertaken to ensure from a financial standpoint that any third party has the financial stability and strength necessary to fulfil its commitments to the company. The extent of the credit evaluation must be commensurate with the level of risk associated with the inability of the counterparty to perform under the contract.

The company's policy is to use financial institutions authorised by Adient plc who actively manage the global banking facilities. All cash held on deposit is pooled at a European level to mitigate risk and as such the company is party to guarantee funds jointly and severally.

Exchange rate risk

The policy is to manage exchange rate risk on contractual future cash flows by the use of forward exchange contracts. In particular the parts, supply and sourcing business has mitigated foreign exchange rate risk with both US dollar and Euro hedges.

Price risk

Competitor price strategies remain an on-going risk to the company's operations. This risk is mitigated through a high-performance culture that inspires our employees, leadership in cost, quality, launch execution, and customer satisfaction.

Adient Seating UK Ltd

Directors' report for the year ended 30 September 2022 (continued)

Liquidity and interest rate risk

Cash balances held with external institutions form part of the Adient plc group global cash pool arrangement. If funding is required then this is achieved by an internal loan from an Adient plc group company. As a result, the interest rate risk is mitigated as there is no external funding requirement.

All risks are closely managed by the corporate risk management team, which is controlled by the ultimate parent company Adient plc.

Environmental, health and safety matters

The company has clear management and functional lines with detailed responsibilities at all levels to adhere with the sustainability, which ensure hazards, and risks are properly identified and controlled through effective management processes and performance related objectives and targets.

Employment policies

It is the policy of the company that there should be no unfair discrimination in considering applications for employment, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, achieving a common awareness on the part of all employees of the financial and economic factors affecting the company. The company encourages the involvement of employees by means of an employee share purchase scheme, regular employee briefings, annual global employee survey and regular awareness days on different topics for company specific matters.

Creditor payment policy

It is the company's policy to pay creditors when they fall due for payment. Terms of payment are agreed with suppliers when negotiating each transaction and the policy is to abide by those terms, provided that the suppliers also comply with all relevant terms and conditions.

The company operates in a Just in time manufacturing environment, and as such has strong working relationships with both customers and suppliers and is able to quickly and effectively react to changes in this complex environment, responding to decisions made by both customers and suppliers.

Adient Seating UK Ltd

Directors' report for the year ended 30 September 2022 (continued)

Streamlined Energy and Carbon Reporting

The below table and supporting narrative summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a "large" unquoted company, as per the Companies (directors' report) and Limited Liability Partnerships (energy and carbon report) Regulations 2018. The disclosure also extends beyond the scope of a "large" unquoted company and includes emissions and energy consumption from rail and air travel.

	2022	2021
Current reporting year		
Location	UK	UK
Emissions from the combustion of gas and fuel in rental vehicles (Scope 1) (tco2e)	1,654	1,863
Emissions from purchase of electricity (tco2e) (Scope 2)	2,756	2,711
Emissions from business travel in employee owned company vehicles where Adient Seating UK Ltd is responsible for purchasing the fuel and emissions from rail and air travel (Scope 3)(tco2e)	69	19
Total gross emissions based on the above (tCO2e)	4,479	4,593
Energy consumption used to calculate Scope 1 emissions (kwh)	8,999,203	10,255,949
Energy consumption used to calculate Scope 2 emissions (kwh)	11,759,636	11,821,283
Energy consumption used to calculate Scope 3 emissions (kwh)	644,958	107,749
Total energy consumption based on above (kwh)	21,403,797	22,184,981
Intensity ratio 1: tCO2e (gross scope 1, 2 + 3) per £m sales revenue	18.41	16.17
Intensity ratio 2: tCO2e (gross Scope 1, 2 + 3) per full time equivalent 1,000 hours worked	0.003	0.002

Directors

The following served as directors during the year and up to the date of signing this report, unless otherwise stated:

M Flanagan
P Rotman II
G Smith
M Hicks (appointed on 3 November 2022)
R Tate (resigned on 31 October 2022)

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Adient plc also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Political and charitable donations

Charitable donations during the year amounted to £4,053 (2021: £3,574). No contributions to political organisations were made during the year (2021: £nil).

Adient Seating UK Ltd

Directors' report for the year ended 30 September 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements

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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In case of each director in office at the date the directors' report is approved:

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

Events after the Balance Sheet date

There have been no material adjusting or disclosable events since the financial year end.

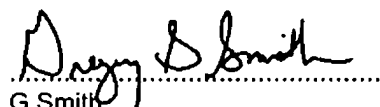
Independent auditors

PricewaterhouseCoopers have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Adient Seating UK Ltd

Directors' report for the year ended 30 September 2022 (continued)

On behalf of the Board

A handwritten signature in black ink, appearing to read 'G. Smith', is written over a horizontal dotted line.

G Smith
Director

Date: 29 June 2023



Independent auditors' report to the members of Adient Seating UK Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Adient Seating UK Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 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, comprising 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, which comprise:

- the statement of financial position as at 30 September 2022;
 - the statement of comprehensive income for the year then ended;
 - the 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 and Financial Statements 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 30 September 2022 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 in respect of the financial statements, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 breaches of environmental and health and safety law, 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. 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 manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. Audit procedures performed by the engagement team included:



- Discussions with the senior members of management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Inspection of meeting minutes of the Board of directors;
- Identifying and testing journal entries, including non standard revenue entries based on our risk assessment;
- Challenging assumptions and judgements made by management in determining significant accounting estimates; and
- Incorporating elements of unpredictability into the audit procedures performed.

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.

Rose-Marie McNamara.

Rose-Marie McNamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
29 June 2023

Adient Seating UK Ltd

Statement of comprehensive income for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Turnover	5	227,067	284,138
Cost of sales		(223,752)	(278,694)
Gross profit		3,315	5,444
Distribution costs		(1,222)	(1,276)
Administrative expenses		(5,999)	(15,093)
Operating loss		(3,906)	(10,925)
Impairment of investments	12	-	(1,436)
Interest receivable and similar income	6	602	279
Interest payable and similar expenses	7	(946)	(350)
Loss before taxation	8	(4,250)	(12,432)
Tax on loss	10	(5,492)	205
Loss for the year		(9,742)	(12,227)
Other comprehensive (expense)/income			
Remeasurement of net defined benefit obligation	17	(22,170)	2,279
Total tax on other comprehensive (expense)/income		5,492	(205)
Total comprehensive expense for the year		(26,420)	(10,153)

All amounts relate to continuing operations.

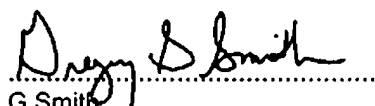
The notes on pages 18 to 37 form an integral part of these financial statements.

Adient Seating UK Ltd

Statement of financial position as at 30 September 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	11	4,612	4,989
Investments	12	2,706	-
		<u>7,318</u>	<u>4,989</u>
Current assets			
Stocks	13	13,121	13,680
Debtors	14	57,180	58,083
		<u>70,301</u>	<u>71,763</u>
Creditors: amounts falling due within one year	16	(131,753)	(120,484)
Net current liabilities		<u>(61,452)</u>	<u>(48,721)</u>
Total assets less current liabilities		<u>(54,134)</u>	<u>(43,732)</u>
Pension asset	17	11,254	24,566
Net liabilities		<u>(42,880)</u>	<u>(19,166)</u>
Capital and reserves			
Called up share capital	19	140	140
Share premium account	20	2,706	-
Accumulated losses		(45,726)	(19,306)
Total shareholders' deficit		<u>(42,880)</u>	<u>(19,166)</u>

The financial statements on pages 15 to 37 were approved by the Board of directors on 29 June 2023 and were signed on its behalf by:



G Smith
Director
Adient Seating UK Ltd
Registered number: 00443687

Date: 29 June 2023

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

Adient Seating UK Ltd

**Statement of changes in equity for the year ended
30 September 2022**

	<i>Called up share capital</i> £000	<i>Share premium account</i> £000	<i>Accumulated losses</i> £000	<i>Total equity</i> £000
Balance at 1 October 2020	140	-	(9,153)	(9,013)
Loss for the year	-	-	(12,227)	(12,227)
Other comprehensive income for the year	-	-	2,279	2,279
Total tax on other comprehensive income	-	-	(205)	(205)
Total comprehensive expense for the year	-	-	(10,153)	(10,153)
Balance at 30 September 2021	140	-	(19,306)	(19,166)
Loss for the year	-	-	(9,742)	(9,742)
Other comprehensive expense for the year	-	-	(22,170)	(22,170)
Total tax on other comprehensive expense	-	-	5,492	5,492
Total comprehensive expense for the year	-	-	(26,420)	(26,420)
Shares issued during the year (note 19 and 20)	-	2,706	-	2,706
Balance at 30 September 2022	140	2,706	(45,726)	(42,880)

Accumulated losses represents accumulated comprehensive income and expense at the financial year end.

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

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022

1. General information

Adient Seating UK Ltd ("the company") is a private company limited by shares domiciled and incorporated in the United Kingdom. The address of its registered office is Demise C, Ground Floor, Welland House, 120 Longwood Close, Westwood Business Park, Coventry CV4 8AE.

The company manufactures and sells trimmed seats, seat components and interiors to the automotive industry.

2. Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and in accordance with the Companies Act 2006.

3. Summary of significant accounting policies

The accounting policies that have been applied consistently throughout the financial year and in the preceding year are set out below:

Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention. The financial statements have been prepared in Pound Sterling which is the functional and presentation currency of the company rounded to nearest £'000. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies which have been applied consistently throughout the year. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements on the basis that the information is provided in the consolidated financial statements of Adient plc, which is registered in Ireland and which itself prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 22.

- *Section 7 'Statement of Cash Flows'* :
Presentation of a Statement of Cash Flow and related notes and disclosures as required by paragraph 3.17(d) of FRS 102;
- *Section 11 'Basic Financial Instruments' & 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 the statement of comprehensive income as required by paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a10ii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A of FRS 102; and
- *Section 26 'Share based payments'* :
Details of equity instruments used to compensate employees; as required by paragraphs 26.18(b), 26.19 to 26.21 and 26.23 of FRS 102; and

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

3. Summary of significant accounting policies (continued)

Reduced disclosures (continued)

- *Section 33 'Related Party Disclosures'*:
Compensation for key management personnel as required by paragraph 33.7 of FRS 102.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the company will be able to meet all its obligations as and when they fall due for the foreseeable future.

The company has net liabilities of £42,880,000 (2021: £19,166,000). This is due to the company's capital requirements being met through the Adient plc group cash pool debt £5,127,000 (2021: £27,218,000) and bank overdraft of £73,422,000 (2021: £54,168,000), which is secured by way of a guarantee from the ultimate parent company. Furthermore, the Directors have received confirmation from the Adient Group that it will support the Company if necessary for at least one year after the financial statements are signed.

With this support in place, covering the period until July 2024 and after assessing the Group's ability to provide the support if required, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Group financial statements

The company is exempt from the requirement to prepare and deliver consolidated financial statements under the provisions of Section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Adient plc, which is registered in Ireland and which itself prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 22. Accordingly consolidated financial statements have not been prepared and the financial information presented for both the current and preceding years is for the company as an individual undertaking.

Turnover

Turnover represents the net invoiced value, excluding value added tax, of sales to customers and is recognised at the point of dispatch of goods or provision of services or when risk has been passed to the customer.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are expressed in sterling at rates ruling at the statement of financial position date. Income and expenditure denominated in foreign currencies has been translated into sterling at the rates ruling at the time of the transaction. All differences on exchange are taken to the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Operating leases

The costs of operating leases are charged to the statement of comprehensive income to the period to which they relate on a straight line basis.

**Notes to the financial statements for the year ended
30 September 2022 (continued)**

3. Summary of significant accounting policies (continued)

Taxation

Current tax is provided on taxable profits for the period and is calculated using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Tax deferred or accelerated as a result of timing differences between the treatment of certain items for taxation and for accounting purposes is provided in full. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred asset can be recovered in future periods.

Deferred tax is measured at the average tax rates that are expected to apply in the periods which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on an undiscounted basis.

Investments

Investments are stated at cost plus incidental expenses less provisions for impairment in value. The company reviews the carrying value of investments when there has been an indication of potential impairment. If it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the statement of comprehensive income.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost, which is the original purchase price plus incidental expenses, less accumulated depreciation. Land is not depreciated. Depreciation on other assets is calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful economic life, on a straight line basis as follows:

Leasehold buildings	over term of lease
Freehold buildings	40 to 50 years
Furniture, equipment and vehicles	2 to 7 years
Plant and machinery	2 to 10 years

Assets classified as construction in progress are not depreciated until they are brought into service.

Tooling costs

Tooling costs, which are recoverable from customers, are included within debtors. Tooling costs borne by the company are capitalised within tangible fixed assets and written off over their useful economic life depending upon the duration of the customer contract, up to a maximum of seven years.

Inventories

Stocks are valued on a first-in first-out basis, at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business. In the case of work in progress, costs comprise direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads. Where necessary, provision is made for obsolete, slow moving or defective stocks.

**Notes to the financial statements for the year ended
30 September 2022 (continued)**

3. Summary of significant accounting policies (continued)

Pensions

Defined contribution pension plan

The company operates a defined contribution pension scheme for the benefit of its employees, the assets of which are held separately from those of the company in independently administered funds. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position.

The company also operates a defined contribution scheme with a defined benefit underpin arrangement as a result of a previous change to certain members' contracted out status. As this is a defined benefit underpin, the obligation is recognised on the face of the statement of financial position and accounted for as a defined benefit scheme (see below).

Defined benefit pension plan

The company operates a defined benefit pension plan for certain employees. On 31 March 2011, the defined benefit pension scheme was closed to the future accrual of benefits.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The pension asset recognised on the Adient UK Pension Scheme - JCA Section and the pension liability recognised on the Adient UK Pension Scheme - Group scheme in the statement of financial position is the present value of the defined benefit pension plan less the fair value of the plan assets at the reporting date.

The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds of equivalent terms and currency to the liability ("discount rate").

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques. Pension scheme assets are measured consistently for the defined benefit pension schemes and the defined benefit underpin.

Actuarial gains and losses are credited or charged to other comprehensive income. The net interest cost is calculated by applying a single discount rate to the net balance of the defined benefit liability or asset. This cost is recognised in the statement of comprehensive income as interest receivable and similar income or interest payable and similar expenses.

Long term Incentive plan

Adient plc grants awards of stock appreciation rights (SARs) to senior employees of Adient Seating UK Ltd. The plan liabilities are measured over the period the employee provides their services to the point of vesting and is charged to operating profit. The options are valued using a Black-Scholes option-pricing model. The employee receives the market value of their award as cash consideration when the award is vested. The employee never owns any actual stock.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions are aggregated unless, in the opinion of the directors separate disclosure is necessary to understand the effect of the transactions on the financial statements.

The company does not disclose transactions with members of the same group that are wholly owned.

**Notes to the financial statements for the year ended
30 September 2022 (continued)**

3. Summary of significant accounting policies (continued)

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and loans to fellow group companies are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest rate method and are assessed annually for evidence of impairment. Any impairment loss or reversal of an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, 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. Such debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classed as current liabilities if payment is due within one year or less.

Forward exchange contracts

Forward exchange contracts are not basic financial instruments. They are initially measured at fair value on the date the contract is entered into and are then subsequently re-measured at fair value. The company does not apply hedge accounting. Changes in the value of the contracts are recognised in comprehensive income within interest income or expense as they are incurred.

Fair value is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:EUR and GBP:USD.

Offsetting

Financial assets and liabilities are offset and the net amount 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.

Interest income and expense

Interest is credited/charged in the statement of comprehensive income using the effective interest rate method.

**Notes to the financial statements for the year ended
30 September 2022 (continued)**

3. Summary of significant accounting policies (continued)

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Grants for specific expenses such as furlough costs are credited to income in profit and loss account in the same period as the relevant expense.

Share capital

Ordinary shares issued by the company are recorded at the proceeds received, net of transaction costs.

4. Critical accounting judgements and estimation uncertainty

The directors have not identified any critical accounting judgements for the company.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below.

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depends on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 17 for disclosures relating to the pension scheme.

Impairment review of investments

At each reporting date or when there are indicators for impairment, investment in subsidiary is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Value in use is calculated from cash flow projections generally over five years using data from the latest internal forecasts and extrapolated beyond five years using estimated long-term growth rates. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. Provisions for bad and doubtful debts are calculated based on average collection rate by amount overdue.

Deferred tax asset

The company has chosen not to recognise deferred tax assets due to uncertainty regarding the lack of future taxable income forecast.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

5. Turnover

The turnover arose from the manufacture and sale of trimmed seats, seat components and interiors to the automotive industry.

The turnover arose in the following geographical areas by origin and destination:

	2022 £000	2021 £000
Turnover		
United Kingdom	210,531	269,750
Europe	12,310	13,986
Rest of world	4,226	402
	<u>227,067</u>	<u>284,138</u>

Analysis of turnover by category:

	2022 £000	2021 £000
Turnover		
JIT	212,649	272,929
Foam	11,700	8,604
Others (Engineering services)	2,718	2,605
	<u>227,067</u>	<u>284,138</u>

6. Interest receivable and similar income

	2022 £000	2021 £000
Bank interest received	2	7
Net interest income on post employment benefits (see note 17)	600	272
	<u>602</u>	<u>279</u>

Bank interest is earned on bank deposits bearing an interest rate of BMG Base rate + 50bps (2021: 0.39%).

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

7. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest paid	946	350
Total interest paid and similar expenses	<u>946</u>	<u>350</u>

Bank interest is payable on bank overdrafts bearing an interest rate of BMG Base rate + 85bps (2021: 0.70%).

8. Loss before taxation

	2022 £000	2021 £000
Loss before taxation is stated after charging/(crediting)		
Wages and salaries	42,508	42,742
Social security cost	4,521	4,649
Share based payment	168	74
Other pension costs	1,889	2,842
	<u>49,086</u>	<u>50,307</u>
Depreciation of tangible assets (see note 11)	1,436	1,894
Operating lease charges	7,081	8,146
Auditors' remuneration for audit services	53	54
Impairment of inventory (included in cost of sales)	251	762
Inventory recognised as an expense	156,453	206,665
Reversal of impairment of trade receivables	29	201
Foreign exchange (gain)/loss	(486)	25
Forward exchange contract loss	1,973	3,342

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

9. Directors and employees

	2022 £000	2021 £000
Directors' emoluments		
Aggregate emoluments of the directors	557	495
Company pension contributions to defined contribution schemes	24	24
	<u>581</u>	<u>519</u>
	2022 £000	2021 £000
Highest paid director		
Aggregate emoluments	401	344
Company pension contributions to defined contribution scheme	14	14
	<u>415</u>	<u>358</u>

During the year, no director received compensation for loss of office (2021: £nil).

Emoluments of two directors (2021: two) are paid and borne by the company as disclosed above.

Emoluments of two directors (2021: two) are borne by Adient plc group company and it is not possible to separately identify the amount relating to their remuneration for services performed for this company. No other amounts have been paid or are owed at 30 September 2022 (2021: £nil) in respect of services supplied by the directors to the company.

Retirement benefits were accruing to two directors (2021: two) under the defined contribution scheme. One director (2021: one) has benefits accrued under the now closed defined benefit scheme. During the year, two directors (2021: two) were entitled to a bonus based on the share price of Adient plc. No shares were received or receivable by any of the directors in respect of qualifying services under a long term incentive scheme.

The monthly average number of employees for the company, including executive directors, analysed by category, was as follows:

Staff Numbers

	2022 No.	2021 No.
Manufacturing and production	866	924
Administration and management	214	236
Distribution	33	34
	<u>1,113</u>	<u>1,194</u>

Adient Seating UK Ltd

**Notes to the financial statements for the year ended
30 September 2022 (continued)**

9. Directors and employees (continued)

During the year the company received a government grant of £nil (2021: £3,461,000) under the Coronavirus Job Retention Scheme (JRS). The grant is given to UK employers to cover all or part of the wages and salary costs of employees on temporary unpaid leave (furlough) due to the COVID-19 pandemic.

10. Tax on loss

	2022 £000	2021 £000
a. Tax (expense)/income included in profit or loss		
Current tax		
UK Corporation tax at 19% (2021: 19%)	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	4,212	(357)
Adjustments in respect of previous periods	(50)	-
Effect of changes in tax rates	1,330	152
Total deferred tax charge/(credit)	<u>5,492</u>	<u>(205)</u>
Total tax charge/(credit) on loss	<u>5,492</u>	<u>(205)</u>
	2022 £000	2021 £000
b. Tax (income)/charge included in Other comprehensive (expense)/income		
Current tax		
Origination and reversal of timing differences	(5,542)	205
Deferred tax - prior year	50	-
Total tax (income)/charge included in other comprehensive (expense)/income	<u>(5,492)</u>	<u>205</u>

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

10. Tax on loss (continued)

Reconciliation of tax (charge)/credit during the year

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Loss before taxation	(4,250)	(12,432)
Loss before taxation multiplied by standard rate of corporation tax of 19% (2021: 19%)	(808)	(2,362)
Effects of:		
Expenses not deductible for tax purposes	(51)	429
Group relief claimed for nil consideration	-	3,554
Income not taxable for tax purposes	-	(104)
Effect of changes in tax rates	1,330	152
Deferred tax not recognised	5,071	(1,874)
Adjustments in respect of previous periods	(50)	-
Total tax charge/(credit)	5,492	(205)

Factors affecting tax charge

The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurements of deferred tax balances at 30 September 2022.

The company has total losses carried forwards of £101,838,000 that are available indefinitely for offset against certain future taxable profits of the company. In addition, the company has potential deferred tax assets of £2,569,000 on fixed assets and other temporary differences that have not been recognised. Deferred tax assets have not been recognised in respect of these losses and other temporary differences as there is uncertainty whether suitable profits will arise in future periods against which the deferred tax asset would reverse.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

11. Tangible assets

	<i>Leasehold land and buildings £000</i>	<i>Freehold, land and buildings £000</i>	<i>Furniture, equipment and vehicles £000</i>	<i>Plant and machinery £000</i>	<i>Construction in progress £000</i>	<i>Total £000</i>
Cost						
At 1 October 2021	3,448	1,789	2,282	7,790	746	16,055
Additions	-	-	-	-	1,220	1,220
Transfers from construction in progress	23	286	359	815	(1,483)	-
Disposals	(1,729)	(217)	(683)	(1,354)	(140)	(4,123)
At 30 September 2022	1,742	1,858	1,958	7,251	343	13,152
Accumulated Depreciation						
At 1 October 2021	2,865	566	2,257	5,378	-	11,066
Charge for the year	232	144	144	916	-	1,436
Disposals	(1,729)	(217)	(675)	(1,341)	-	(3,962)
At 30 September 2022	1,368	493	1,726	4,953	-	8,540
Net Book Value						
At 30 September 2022	374	1,365	232	2,298	343	4,612
At 30 September 2021	583	1,223	25	2,412	746	4,989

Assets are transferred from construction in progress to other fixed asset categories on being commissioned. Any construction in progress asset transferred to Adient Properties UK Ltd is done so at actual cost with no gain or loss arising on this disposal. At 30 September 2022 future capital expenditure for the company authorised by the directors but not provided in the financial statements was £21,000 (2021: £6,281,000).

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

12. Investments

	£000
Cost	
At 1 October 2021	1,436
Additions	2,706
At 30 September 2022	<u>4,142</u>
Provision for Impairment	
At 1 October 2021 and as at 30 September 2022	<u>1,436</u>
Net book value	
At 30 September 2022	<u><u>2,706</u></u>
At 30 September 2021	<u><u>-</u></u>

In September 2022, the company increased its investment in Adient Automotive Maroc SARL by way of capital contribution amounting to GBP 2,706,000.

At 30 September 2022, the company had the following investments in subsidiary undertakings:

Subsidiary Name	Class of shares	Proportion of nominal value of shares issued held by:		Registered office
		Company	Other group companies	
Adient UK Pension Scheme Trustee Limited	Ordinary	100%	-	Demise C, Ground Floor, Welland House, 120 Longwood Close, Westwood Business Park, Coventry, CV4 8AE, United Kingdom
Adient Automotive Seating Maroc SARL	Ordinary	90%	-	Lot N 1 1, 25 Atlantic Free Zone Commune Ameer Safia, Morocco

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

13. Stocks

	2022 £000	2021 £000
Raw materials and consumables	12,408	12,841
Work in progress	713	839
	<u>13,121</u>	<u>13,680</u>

There is no significant difference between the replacement cost of the inventories and the statement of financial position carrying amount.

Inventories are stated net of provision for impairment of £2,172,000 (2021: £2,423,000)

14. Debtors

	2022 £000	2021 £000
Trade debtors	30,811	36,024
Amounts owed by group undertakings	18,437	13,739
Other debtors	6,251	6,844
Income tax receivable	1,681	1,476
	<u>57,180</u>	<u>58,083</u>

Trade debtors are stated after provisions for impairment of £216,000 (2021: £245,000).

Amounts owed by group undertakings include £5,207,000 (2021: £5,356,000) transferred to Adient Holding UK Ltd under a zero balance pooled bank agreement which are unsecured, repayable on demand and bear an interest rate of Bank of England base rate +1.05% (2021: Bank of England base rate + 1.05%). All remaining amounts owed by group undertakings are unsecured, interest free and repayable on demand.

15. Deferred tax asset

As at 30 September 2022, the company has total unrecognised deferred tax assets of £28,028,000 (2021: £16,634,000) due to the lack of future taxable income forecast.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

16. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Bank loans and overdrafts	73,422	54,168
Trade creditors	18,609	21,832
Amounts owed to group undertakings	25,385	27,218
VAT Payable	2,385	6,352
PAYE	1,248	904
Accruals and deferred income	10,704	10,010
	<u>131,753</u>	<u>120,484</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The bank overdraft is charged at BMG Base rate + 85bps (2021: 0.70%) for cash borrowings and is secured by way of a guarantee from the ultimate parent company, Adient plc.

17. Pension asset

The company participates in the Adient UK Pension Scheme (formerly Johnson Controls (UK) Group Pension Scheme) which has one section, the JCA section which is a defined benefit plan. In the past year, the company contributed £9million (2021: £10.5million) to the JCA section. At the year end other creditors included £nil (2021: £nil) in respect of outstanding contributions.

The total amount charged to loss before taxation for each of these funds is as follows:

	2022 £000	2021 £000
Adient UK Pension Scheme - JCA Section	742	1,067
Defined contribution schemes	-	2,047
Total charged to operating loss	<u>742</u>	<u>3,114</u>
Net interest income		
Adient UK Pension Scheme – JCA section	(600)	(272)
Total amount charged to profit and loss account	<u>142</u>	<u>2,842</u>

The total pension asset shown in the statement of financial position for each of these funds is as follows:

	2022 £000	2021 £000
Adient UK Pension Scheme – JCA section	11,254	24,566
Pension asset	<u>11,254</u>	<u>24,566</u>

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

17. Pension asset (continued)

A full actuarial valuation of the schemes was carried out as at 30 September 2022 by qualified independent actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2022	2021
Inflation (RPI)	3.66%	3.42%
Inflation (CPI)	3.28%	2.67%
Discount rate	5.09%	2.09%
Weighted average life expectancy for mortality tables used to determine benefit obligations at:		
- for male currently aged 65 now	22.1	22.1
- at 65 for male currently aged 45 now	22.8	22.8
- for female currently aged 65 now	24.6	24.5
- at 65 for a female currently aged 45 now	25.9	25.9
	<u>25.9</u>	<u>25.9</u>

Adient UK Pension Scheme - JCA section

The contributions made by the employer over the financial year have been £9,000,000 (2021: £10,497,000).

	<i>Assets</i> £000	<i>Liabilities</i> £000	<i>Total</i> £000
Reconciliation of scheme assets and liabilities			
At 1 October 2021	283,916	(259,350)	24,566
Administrative expense	(742)	-	(742)
Interest income/(expense)	5,957	(5,357)	600
Actuarial (losses)/gains on assets and liabilities	(116,164)	93,994	(22,170)
Employer Contributions	9,000	-	9,000
Benefits paid	(6,056)	6,056	-
At 30 September 2022	<u>175,911</u>	<u>(164,657)</u>	<u>11,254</u>

The company expects to contribute £6,750,000 (2021: £9,000,000) to its pension plan in the year ended 30 September 2023.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

17. Pension asset (continued)

Total return on plan assets was:

	2022 £000	2021 £000
Interest income	5,957	4,464
Actuarial loss on plan assets	(116,164)	(4,734)
Total return on plan assets	(110,207)	(270)

The assets in the scheme comprised:

	2022 Fair Value £000	2022 % of total assets	2021 Fair Value £000
Equities	-	-	62,328
Bonds	54,660	31.07%	49,478
Diversified growth fund	-	-	33,563
Secured finance	33,467	19.03%	31,833
Others	45,216	25.70%	103,637
Liability Driven Investment	42,568	24.20%	3,077
	175,911	100%	283,916

None of the scheme assets are invested in the company's financial instruments or in property occupied by, or other assets used by the company.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

18. Operating lease commitments

The company had the following future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £000	2021 £000
Within one year	2,579	2,113
Within two to five years	10,472	6,317
Over five years	29,235	11,732
	<u>42,286</u>	<u>20,162</u>

19. Called up share capital

	£000	£000
Allotted and fully paid		
140,000 (2021: 140,000) ordinary shares of £1 each at 1 October	140	140
100 (2021: nil) ordinary shares of £1 each issued during the year	-	-
	<u>140</u>	<u>140</u>
140,100(2021: 140,000) ordinary shares of £1 each at 30 September	<u>140</u>	<u>140</u>

On 1 September 2022, the company issued 100 ordinary shares of £1 each for a consideration of £2,706,000.

None of the issued shares have any redemption rights and dividends are only declared at the discretion of the directors.

20. Share premium account

	£000	£000
Balance at 1 October 2021/2020	-	-
Premium arising on 100 ordinary shares of £1 each	2,706	-
	<u>2,706</u>	<u>-</u>
Premium on 100 (2021:nil) ordinary shares of £1 each at 30 September 2022/2021	<u>2,706</u>	<u>-</u>

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

21. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2022 £000	2021 £000
Balances due from related parties		
Accounts payable balance due to Dinz Adient Oto Donamin Sanayi ve Ticaret A.S	46	125

	2022 £000	2021 £000
Transactions with related parties during the year		
a. Purchases from Yanfeng Adient (Shanghai Jiading) Automotive Metal Components Co., Ltd.	-	1,052
b. Purchases from YANFENG International Seating Systems Co Ltd	-	2,573
c. Purchases from Dinz Adient Oto Donamin Sanayi ve Ticaret A.S	2,140	3,030
d. Sales to ADIENT AEROSPACE Seating GmbH	-	60

All related party balances are unsecured. They will all be settled by cash consideration. There have been no guarantees given or received between related parties.

22. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Adient Holding UK Ltd., a company incorporated in the United Kingdom.

As at 30 September 2022, the ultimate parent undertaking and controlling party was Adient plc, a company incorporated in Ireland. Adient plc was the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 September 2022. The consolidated financial statements of Adient plc are available from:

Adient plc
3 Dublin Landings,
North Wall Quay
Dublin 1, Dublin, D01C4E0, Ireland

23. Commitments

On 6 May 2019, JP Morgan Chase Bank N.A and Bank of America N.A. (and their successors in title and permitted transferees) were granted a fixed and floating charge which covers all the property or undertaking of the company.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2022 (continued)

23. Commitments (continued)

On 2 October 2020, the fixed and floating charges granted to US Bank National Association, on all shares and investments in Lamination Automotive Fabrics S.A.R.L. and related distribution rights (as defined in the debenture) of the company over or in respect of which the Company has created security were released.

On 9 June 2021, Bank of America NA were granted a fixed and floating charge which covers all the property or undertaking of the company.

On 14 October 2022, the fixed and floating charges granted on 23 April 2020 to US Bank National Association on all the property or undertakings of the Company were released.

24. Events after the Balance Sheet date

There have been no material adjusting or disclosable events since the financial year end.

25. Approval of financial statements

The board of directors approve these financial statements for issue on 29 June 2023.