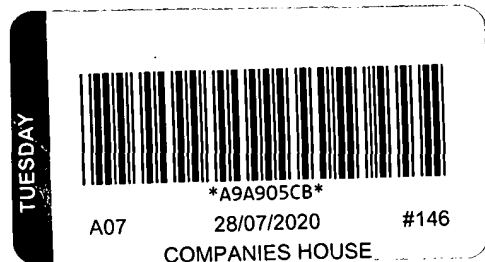


Registered Number: 443687

Adient Seating UK Ltd  
Annual report and financial statements for the year ended  
30 September 2019



## **Adient Seating UK Ltd**

### **Annual report and financial statements for the year ended 30 September 2019**

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## **Adient Seating UK Ltd**

### **Strategic report for the year ended 30 September 2019**

The directors present their strategic report on the company for the year ended 30 September 2019.

#### **Principal activities**

The principal activities of the company continued to be 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 2019 was £13.4 million (2018: £5.2 million). The key driver for the increase in losses compared to the prior year is the £6.8 million increase in pension scheme costs, as disclosed in note 19.

The company is in a robust financial position with net assets of £14.4 million (2018: £43.4 million). The reduction in net assets is primarily driven by the pension scheme costs in the current financial year and the derecognition of deferred tax assets in respect of the use against future taxable profits.

#### **Review of business and future developments**

The turnover was £373.3 million (2018: £402.0 million), a decrease of 7.1% compared to the prior year. The business continues to be adversely impacted by volume and mix changes affecting the Just-in-time and components plants. Gross Margin has increased slightly from 1.5% in 2018 to 2.0% in 2019.

The Directors actively monitor the impact of Brexit and significant uncertainty remains. The same risks are discussed in the financial statements of Adient Plc at 30 September 2019. The eventual impact of the COVID-19 outbreak on the Company's operations and financial performance remains uncertain. See note 24 for a detailed discussion of COVID-19.

The car manufacturing industry remains competitive in the United Kingdom. The directors monitor the economic and political environment. The directors actively monitor the impact of Brexit, and currently foresee no changes to the current business as a result of Brexit and expect the general level of activity to remain stable for the foreseeable future. However, significant uncertainty remains as to the terms of the U.K.'s withdrawal from the European Union and the effects of Brexit, as discussions between relevant stakeholders continue. Brexit may also have a detrimental effect on Adient's customers and suppliers, which would, in turn, adversely affect Adient's revenues and financial condition. In addition, Brexit may result in legal uncertainty and potentially divergent national laws and regulations as new legal relationships between the U.K. and the European Union are established.

#### **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.

#### **Non-adjusting post balance sheet event**

The impact of the novel strain of the coronavirus identified in late 2019 ("COVID-19") has grown throughout the world, including in all global and regional markets served by Adient. A detailed description of this, including the implications on the Company, can be found in note 24.

## Adient Seating UK Ltd

### Strategic report for the year ended 30 September 2019 (cont'd)

#### 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.

	2019	2018
Turnover per employee (£'000)	260	252
Gross profit margin	1.99%	1.50%
Distribution costs as a % of turnover	0.44%	0.38%
Administrative expenses as a % of turnover	5.25%	3.08%
Days sales outstanding	63	52
Inventory turnover (days)	16	17

#### Principal risks and uncertainties

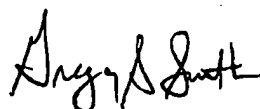
Any of the following could adversely impact Adient's results of operations: the inability of Adient to execute turnaround actions to improve profitability; the loss of, or changes in, automobile supply contracts, sourcing strategies or customer claims with Adient's major customers or suppliers; lack of commodity availability and unfavourable commodity pricing; start-up expenses associated with new vehicle programs or delays or cancellations of such programs; underutilization of Adient's manufacturing facilities, which are generally located near, and devoted to, a particular customer's facility; inability to recover engineering and tooling costs; market and financial consequences of any recalls that may be required on products that Adient has supplied or sold into the automotive aftermarket; delays or difficulties in new product development and integration; quantity and complexity of new program launches, which are subject to Adient's customers' timing, performance, design and quality standards; interruption of supply of certain single-source components; the potential introduction of similar or superior technologies; changing nature and prevalence of Adient's joint ventures and relationships with its strategic business partners; and global overcapacity and vehicle platform proliferation.

Ongoing issues on emissions and diesel acceptance in the market place may have an impact on our UK customer vehicle volumes and may thus impact Adient.

Furthermore, the Directors actively monitor the potential impact of Brexit and COVID-19 where significant uncertainty remains. See note 24 for a detailed discussion of COVID-19.

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.

On behalf of the Board



G Smith

Director  
24 July 2020

## **Adient Seating UK Ltd**

### **Directors' report for the year ended 30 September 2019**

The directors present their report and the audited financial statements of the company for the year ended 30 September 2019.

#### **Dividends**

The directors do not recommend the payment of a dividend (2018: nil).

#### **Future developments**

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

#### **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.

##### ***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**

Adient Plc is a global market leader and therefore has adopted a uniform global approach to managing environmental, health and safety matters by following the principles and guidance contained in both international standards ISO 14001 and OHSAS 18001. All parts of the corporation are expected to demonstrate through their EHS management system that the principles and objectives set out in these two key standards have been met.

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

## Adient Seating UK Ltd

### Directors' report for the year ended 30 September 2019 (cont'd)

#### 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.

#### Directors

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

C Ebacher	resigned 7 November 2019
M Flanagan	
D McMahon	resigned 6 September 2019
R Tate	
M Skonieczny	resigned 4 October 2019
G Smith	appointed 7 November 2019
P Rotman II	appointed 7 November 2019
S Belfield	resigned 1 October 2018

#### 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 £2,294 (2018: £3,000). No contributions to political organisations were made during the year (2018: nil).

## Adient Seating UK Ltd

### Directors' report for the year ended 30 September 2019 (cont'd)

#### 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.

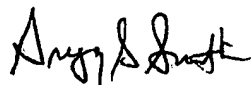
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

#### Directors' confirmations

In the 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.

On behalf of the Board



G Smith  
Director

24 July 2020

## **Adient Seating UK Ltd**

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

#### **Report on the audit of the financial statements**

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##### **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 2019 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 (the "Annual Report"), which comprise: the Statement of financial position as at 30 September 2019; the Statement of comprehensive income, 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**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

##### **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.



## **Adient Seating UK Ltd**

### ***Independent auditors' report to the members of Adient Seating UK Ltd (cont'd)***

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#### **Reporting on other information (cont'd)**

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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.

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#### **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 set out on page 5, 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.

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](http://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.

**Adient Seating UK Ltd**

***Independent auditors' report to the members of  
Adient Seating UK Ltd (cont'd)***

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**Other required reporting**

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**Companies Act 2006 exception reporting**

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

- we have not received 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.



Julian Gray (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton

24 July 2020

## Adient Seating UK Ltd

### Statement of comprehensive income for the year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Turnover	5	373,328	402,003
Cost of sales		(365,899)	(395,981)
<b>Gross profit</b>		<b>7,429</b>	<b>6,022</b>
Distribution costs		(1,645)	(1,530)
Administrative expenses		(19,594)	(12,400)
<b>Operating loss</b>		<b>(13,810)</b>	<b>(7,908)</b>
Interest receivable and similar income	6	530	84
Interest payable and similar expenses	7	(128)	(484)
Other income		-	3,105
<b>Loss before taxation</b>	<b>8</b>	<b>(13,408)</b>	<b>(5,203)</b>
Tax on loss	10	(6,688)	437
<b>Loss for the financial year</b>		<b>(20,096)</b>	<b>(4,766)</b>
<b>Other comprehensive income</b>			
Movement on deferred tax relating to pension benefit	15	-	(3,401)
Remeasurement of net defined benefit obligation	19	(8,940)	20,006
<b>Total comprehensive (expense)/ income for the year</b>		<b>(29,036)</b>	<b>11,839</b>

All amounts relate to continuing operations.

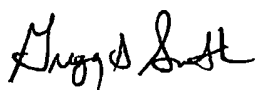
# Adient Seating UK Ltd

## Statement of financial position at 30 September 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	11	8,370	6,935
Investments	12	6,860	6,860
		15,230	13,795
<b>Current assets</b>			
Stocks	13	16,443	17,800
Debtors (including £nil (2018: £1,935,000) due in more than one year)	14	83,594	105,013
Deferred tax asset	15	-	6,009
		100,037	128,822
Creditors - amounts falling due within one year	16	(111,184)	(104,557)
<b>Net current (liabilities)/asset</b>		<b>(11,147)</b>	<b>24,265</b>
<b>Total assets less current liabilities</b>		<b>4,083</b>	<b>38,060</b>
Provisions for liabilities	17	-	(6,500)
Pension Asset	19	11,975	11,834
Pension Liability	19	(1,700)	-
<b>Net assets</b>		<b>14,358</b>	<b>43,394</b>
<b>Capital and reserves</b>			
Called up share capital	20	140	140
Retained earnings		14,218	43,254
<b>Total equity</b>		<b>14,358</b>	<b>43,394</b>

The notes on pages 12 to 31 are an integral part of these financial statements.

The financial statements on pages 9 to 31 were approved by the Board of directors on 24 July 2020 and were signed on its behalf by:



G Smith

Director  
Adient Seating UK Ltd  
Registered number: 443687

**Adient Seating UK Ltd**

**Statement of changes in equity for the year ended 30 September 2019**

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2017	140	31,415	31,555
Loss for the financial year	-	(4,766)	(4,766)
Other comprehensive income for the year	-	16,605	16,605
Total comprehensive income for the year	-	11,839	11,839
Balance at 30 September 2018 and 1 October 2018	140	43,254	43,394
Loss for the financial year	-	(20,096)	(20,096)
Other comprehensive expense for the year	-	(8,940)	(8,940)
Total comprehensive expense for the year	-	(29,036)	(29,036)
Balance at 30 September 2019	140	14,218	14,358

Retained earnings represents accumulated comprehensive income/expense for the year.

## **Adient Seating UK Ltd**

### **Notes to the financial statements for the year ended 30 September 2019**

#### **1 General information**

Adient Seating UK Ltd ("the company") is a private company limited by shares domiciled and incorporated in England. 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**

##### **Basis of preparation**

These financial statements are prepared on a going concern basis under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit or loss. 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 4 'Statement of Financial Position'**

Reconciliation of the opening and closing number of shares as required by paragraph 4.12(a)(iv) of FRS 102;

##### **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(a)(iii), 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;

## **Adient Seating UK Ltd**

### **Notes to the financial statements for the year ended 30 September 2019 (cont'd)**

#### **3 Summary of significant accounting policies (cont'd)**

##### **Reduced disclosures (cont'd)**

###### *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

###### *Section 33 'Related Party Disclosures'*

Compensation for key management personnel as required by paragraph 33.7 of FRS 102.

##### **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.

##### **Operating leases**

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

##### **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.

## **Adient Seating UK Ltd**

### **Notes to the financial statements for the year ended 30 September 2019 (cont'd)**

#### **3 Summary of significant accounting policies (cont'd)**

##### **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.

In the extraordinary circumstances which have arisen post year end surrounding the uncertainty in the global economy caused by the COVID-19 pandemic, 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 23 July 2021, and after assessing and gaining comfort of 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.

##### **Fixed asset investments**

Fixed assets 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 classed 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.



## **Adient Seating UK Ltd**

### **Notes to the financial statements for the year ended 30 September 2019 (cont'd)**

#### **3 Summary of significant accounting policies (cont'd)**

##### **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.

## **Adient Seating UK Ltd**

### **Notes to the financial statements for the year ended 30 September 2019 (cont'd)**

#### **3 Summary of significant accounting policies (cont'd)**

##### **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.

#### **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 19 for disclosures relating to the pension scheme.

## **Adient Seating UK Ltd**

### **Notes to the financial statements for the year ended 30 September 2019 (cont'd)**

#### **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:

Turnover	2019 £'000	2018 £'000
United Kingdom	370,525	397,239
Europe	2,803	4,764
	373,328	402,003

#### **6 Interest receivable and similar income**

	2019 £'000	2018 £'000
Bank interest	95	84
Net interest income on post-employment benefits (see note 19)	431	-
Other interest	4	-
	530	84

#### **7 Interest payable and similar expenses**

	2019 £'000	2018 £'000
Bank interest	128	142
Net interest expenses on post-employment benefits (see note 19)	-	342
	128	484

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 8 Loss before taxation

	2019 £'000	2018 £'000
<b>Loss before taxation is stated after charging/(crediting)</b>		
Staff costs		
- wages and salaries	59,018	58,720
- social security costs	5,608	5,761
- share based payments	305	(1,067)
- other pension costs	4,455	(2,360)
<b>Total staff costs</b>	<b>69,386</b>	<b>61,054</b>
Depreciation of tangible assets (see note 11)	2,139	1,813
(Profit)/Loss on disposal of tangible assets	(8)	21
Operating lease charges	8,968	17,361
Auditors' remuneration		
- for audit services	86	86
Impairment of inventory (included in cost of sales)	2,183	1,465
Inventory recognised as an expense	278,161	293,388
Reversal of impairment of trade receivables	(89)	(48)
Foreign exchange (gain)/loss	(463)	1,103
Forward exchange contract loss/(gain)	1,621	(575)

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 9 Directors and employees

	2019	2018
Directors' emoluments	£'000	£'000
Aggregate emoluments of the directors	842	1,267
Company pension contributions to defined contribution schemes	40	58
	882	1,325

	2019	2018
Highest paid director	£'000	£'000
Aggregate emoluments	463	558
Company pension contributions to defined contribution scheme	18	27
	481	585

During the year one director received compensation for loss of office of £239,000 (2018: £nil).

Emoluments of three directors (2018: three) are paid and borne by the company as disclosed above of which no director is (2018: one director) paid via the company's payroll but all of their costs to the company are recharged to other group company undertakings since their services to the company are incidental to their services to the group as a whole.

Emoluments of two directors (2018: three) 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 2019 (2018: £nil) in respect of services supplied by the directors to the company.

Retirement benefits were accruing to three directors (2018: four) under the defined contribution scheme. One director (2018: one) has benefits accrued under the now closed defined benefit scheme. During the year three directors (2018: three) 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	2019	2018
	Number	Number
Manufacturing and production	1,148	1,278
Administration and management	266	296
Distribution	21	23
	1,435	1,597

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 10 Tax on loss

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK Corporation tax at 19% (2018: 19%)		
Adjustments to tax charge in respect of previous periods	679	-
<b>Total current tax</b>	<b>679</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	845
Adjustment to derecognise deferred tax asset	6,388	-
Adjustments to tax charge in respect of previous periods	(379)	(41)
Tax loss carried forward	-	(2,729)
Pension related timing difference	-	1,488
<b>Total deferred tax charge/(credit)</b>	<b>6,009</b>	<b>(437)</b>
<b>Total tax charge/(credit) on loss</b>	<b>6,688</b>	<b>(437)</b>

UK Corporation tax is calculated at the standard rate of 19% (2018: standard rate of 19%) of the estimated taxable loss for the year.

#### Factors affecting the total tax for the year

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: standard rate of 19%). The differences are explained below:

	2019 £'000	2018 £'000
<b>Loss before taxation</b>	<b>(13,408)</b>	<b>(5,203)</b>
Loss multiplied by standard rate of corporation tax in the UK of 19% (2018: standard rate of 19%)	(2,548)	(989)
Effects of:		
Expenses not deductible for tax purposes	(18)	155
Accelerated capital allowances	128	-
Non taxable income	-	(286)
Group relief surrendered for nil consideration	352	677
Adjustments to tax charge in respect of previous periods	300	(41)
Impact of change in corporation tax rate on timing differences	441	222
Impact of change in corporation tax rate on pension relief	(222)	(175)
Pension related timing difference	(1,520)	-
Deferred tax not recognised	9,775	-
<b>Total tax charge/(credit)</b>	<b>6,688</b>	<b>(437)</b>

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 11 Tangible assets

	Leasehold land and buildings £'000	Freehold, land and buildings £'000	Furniture, equipment and vehicles £'000	Plant and machinery £'000	Construction in progress £'000	Total £'000
<b>Cost</b>						
At 1 October 2018	3,630	1,182	2,993	5,645	2,533	15,983
Additions	-	-	-	-	5,182	5,182
Transfers from construction in progress	-	188	117	3,205	(3,510)	-
Disposals	(200)	(710)	(911)	(1,378)	(228)	(3,427)
<b>At 30 September 2019</b>	<b>3,430</b>	<b>660</b>	<b>2,199</b>	<b>7,472</b>	<b>3,977</b>	<b>17,738</b>
<b>Accumulated depreciation</b>						
At 1 October 2018	1,849	799	2,835	3,565	-	9,048
Charge for the year	422	249	267	1,201	-	2,139
Disposals	(200)	(710)	(903)	(6)	-	(1,819)
<b>At 30 September 2019</b>	<b>2,071</b>	<b>338</b>	<b>2,199</b>	<b>4,760</b>	<b>-</b>	<b>9,368</b>
<b>Net book value</b>						
<b>At 30 September 2019</b>	<b>1,359</b>	<b>322</b>	<b>-</b>	<b>2,712</b>	<b>3,977</b>	<b>8,370</b>
<b>At 30 September 2018</b>	<b>1,781</b>	<b>383</b>	<b>158</b>	<b>2,080</b>	<b>2,533</b>	<b>6,935</b>

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 2019 future capital expenditure for the company authorised by the directors but not provided in the financial statements was £nil (2018: £nil).

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 12 Investments

	Total
Fixed asset investments	£'000
Cost as at 1 October 2018 and 30 September 2019	6,860

Analysed as:

	2019
	£'000
Adient UK Pension Scheme Trustee Limited	-
Lamination Automotive Fabrics S.à.r.l.	6,860
	6,860

At 30 September 2019 the Company had the following investments in subsidiary and joint venture undertakings:

Class of shares	Proportion of nominal value of shares issued held by:		Registered Office	
	Company	Other group companies		
Investments in subsidiaries				
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
Lamination Automotive Fabrics S.à.r.l.	Ordinary	90%	10%	Lots 13.19-13.20, Atlantic Free Zone – Sefia, 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 2019 (cont'd)

#### 13 Stocks

	2019 £'000	2018 £'000
Raw materials and consumables	15,926	15,096
Work in progress	517	2,704
	<b>16,443</b>	<b>17,800</b>

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 £2,183,000 (2018: £1,465,000)

#### 14 Debtors

	2019 £'000	2018 £'000
Trade debtors	64,482	62,221
Amounts owed by group undertakings	11,987	30,704
Other Debtors	4,672	7,686
Forward foreign exchange contract	2,453	2,467
Other non-current debtors	-	1,935
	<b>83,594</b>	<b>105,013</b>

Trade debtors are stated after provisions for impairment of £23,000 (2018: £135,000)

Amounts owed by group undertakings include £5,924,000 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% (2018: Bank of England base rate + 1.05%). All remaining amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Other non-current debtors are contracts where customers have agreed the engineering price but contract completion and payment is over one year.

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 15 Deferred tax asset

	2019 £'000	2018 £'000
Fixed asset timing differences	-	4,421
Short term timing differences	-	45
Tax Losses	-	2,773
Post-employment benefits	-	(1,230)
<b>Total deferred tax asset</b>	-	<b>6,009</b>

During the year, the deferred tax asset of £6,009,000 in the prior year was de-recognised and written off to the income statement.

As at 30 September 2019, the Company has total unrecognised deferred tax assets of £15,784,000 (2018: £nil) due to the lack of future taxable income forecast.

#### 16 Creditors – amounts falling due within one year

	2019 £'000	2018 £'000
Bank loans and overdrafts	14,755	14,484
Trade creditors	36,918	38,801
Amounts owed to group undertakings	34,826	32,216
Taxation and social security	10,395	7,841
Forward foreign exchange contracts	1,588	2,298
Accruals and deferred income	12,702	8,917
	<b>111,184</b>	<b>104,557</b>

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

The bank overdraft is charged at LIBOR +70bps for cash borrowings and is secured by way of a guarantee from the ultimate parent company, Adient Plc.

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 17 Provisions for liabilities

	Redundancy £'000	Total £'000
At 1 October 2018	6,500	6,500
Utilised during the year	(6,500)	(6,500)
At 30 September 2019	-	-

#### 18 Operating lease commitments

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

	2019 £'000	2018 £'000
Within one year	3,170	9,077
Within two to five years	4,765	7,002
Over five years	312	1,773
	8,247	17,852

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 19 Pension costs

The company participates in the Adient UK Pension Scheme (formerly Johnson Controls (UK) Group Pension Scheme) which has two sections, the JCA section which is a defined benefit plan and the Group scheme which is a defined contribution plan with a defined benefit underpin. In the past year, the company contributed £nil (2018: £nil) to the JCA section and £nil (2018: £nil) to the Group scheme. At the year end other creditors included £nil (2018: £nil) in respect of outstanding contributions.

The total amount charged to loss (2018: loss) before taxation for each of these funds is as follows:

	2019 £'000	2018 £'000
Adient UK Pension Scheme – JCA section	2,716	(4,740)
Defined contribution schemes	2,170	2,038
<b>Total charged to operating loss</b>	<b>4,886</b>	<b>(2,702)</b>
Net interest (income)/expense		
Adient UK Pension Scheme – JCA section	(261)	331
Adient UK Pension Scheme - Group scheme	(170)	11
	<b>4,455</b>	<b>(2,360)</b>

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

	2019 £'000	2018 £'000
Adient UK Pension Scheme – JCA section	11,975	7,534
Adient UK Pension Scheme – Group scheme	(1,700)	4,300
<b>Pension asset</b>	<b>10,275</b>	<b>11,834</b>

A full actuarial valuation of the schemes was carried out as at 31 March 2016 and updated to 30 September 2019 by qualified independent actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2019 %pa	2018 %pa
Inflation (RPI)	3.05	3.30
Inflation (CPI)	2.05	2.20
Discount rate	1.84	2.93

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 19 Pension costs (cont'd)

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	2019		2018	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.3	24.6	22.5	24.8
Member age 45 (life expectancy at age 65)	23.0	26.1	23.2	26.2

#### Adient UK Pension Scheme – JCA section

On the 31 March 2011 the pension scheme was closed to the future accrual of benefits.

The contributions made by the employer over the financial year have been £6,458,000 (2018: £nil).

Reconciliation of scheme assets and liabilities	Assets £'000	Liabilities £'000	Total £'000
At 1 October 2018	172,715	(165,181)	7,534
Administrative expense	(1,516)	-	(1,516)
Interest income/(expense)	4,969	(4,708)	261
Actuarial (losses)/gains on assets and liabilities	36,279	(35,841)	438
Employer Contributions	6,458	-	6,458
Past service cost	-	(1,200)	(1,200)
Benefits paid	(3,573)	3,573	-
Settlements	(11,446)	11,446	-
At 30 September 2019	203,886	(191,911)	11,975

The company expects to contribute £6,000,000 to its pension plan in the year ended 30 September 2020.

Total return on plan assets was:

	2019 £'000	2018 £'000
Interest income	4,969	4,735
Return on plan assets less interest income	36,279	(1,519)
Total return on plan assets	41,248	3,216

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 19 Pension costs (cont'd)

The assets in the scheme comprised:

	2019 Fair value £'000	2019 % of total assets	2018 Fair value £'000
Equities	16,287	8.0%	17,901
Bonds	34,768	17.0%	4,720
Diversified growth fund	50,783	24.9%	51,644
Others	1,123	0.6%	22,044
Liability Driven Investment	100,925	49.5%	76,406
	203,886	100%	172,715

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 UK Pension Scheme - Group scheme

The contributions made by the employer over the financial year have been £3,208,000 (2018: £nil).

Reconciliation of scheme assets and liabilities	Assets £'000	Liabilities £'000	Total £'000
At 1 October 2018	75,500	(71,200)	4,300
Interest income/(cost)	2,256	(2,086)	170
Actuarial gains on assets and liabilities	3,336	(12,714)	(9,378)
Contributions by the employer	3,208	-	3,208
Settlements	(7,727)	7,727	-
At 30 September 2019	76,573	(78,273)	(1,700)

The company expects to contribute £1,500,000 to its pension plan in the year ended 30 September 2020.

Total return on plan assets was:

	2019 £'000	2018 £'000
Interest income	2,256	1,994
Return on plan assets less interest income	3,336	206
<b>Total return on plan assets</b>	<b>5,592</b>	<b>2,200</b>

#### 20 Called up share capital

	2019 £'000	2018 £'000
Allotted and fully paid	140	140
140,000 (2018: 140,000) ordinary shares of £1 each		

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

## Adient Seating UK Ltd

### Notes to the financial statements for the year ended 30 September 2019 (cont'd)

#### 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.

	2019 £'000	2018 £'000
<b>Balances due from/(to) related parties</b>		
a. Accounts receivable balance due from Steel Automotive GmbH	-	7
b. Accounts payable balance due to Adient Yanfeng Seating Mechanism Co., Ltd.	-	(157)
c. Accounts receivable balance due from Seating Co, Ltd.	7	31
d. Accounts payable balance due to Dinz Adient Oto Donamin Sanayi ve Ticaret A.S.	-	(4)
e. Accounts payable balance due to Yanfeng US Automotive Interior Systems II LLC	-	(13)
f. Accounts payable balance due to Dinz Adient Oto Donamin Sanayi ve Ticaret A.S	(18)	-
g. Accounts payable balance due to Yanfeng Adient (Shanghai Jiading) Automotive Metal Components Co., Ltd.	(7)	-
h. Accounts payable balance due to Nantong Chaoda Equipment Co., Ltd	(10)	-
<b>Transactions with related parties during the year</b>		
a. Purchases from Yanfeng US Automotive Interior Systems II LLC	12	291
b. Purchases from Dinz Adient Oto Donamin Sanayi ve Ticaret A.S.	22	2
c. Purchases from Steel Automotive GmbH	-	323
d. Purchases from Adient Yanfeng Seating Mechanism Co., Ltd.	1,085	3,197
e. Purchases from Yanfeng Adient (Shanghai Jiading) Automotive Metal Components Co., Ltd.	3,631	136
f. Purchases from Yanfeng Adient (Shanghai Jiading) Automotive Metal Components Co., Ltd.	83	-
g. Purchases from Dinz Adient Oto Donamin Sanayi ve Ticaret A.S	1	-
h. Purchases from Nantong Chaoda Equipment Co., Ltd	10	-
i. Sales to Yanfeng Europe Automotive Interior Systems Management Limited & Co., Ltd.	3	-
j. Sales to Chongqing Yanfeng Adient Automotive Components Co., Ltd.	1	-

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.

## **Adient Seating UK Ltd**

### **Notes to the financial statements for the year ended 30 September 2019 (cont'd)**

#### **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 2019, 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 2019. The consolidated financial statements of Adient Plc are available from:

Adient Plc  
25-28 North Wall Quay  
IFSC, Dublin 1, Ireland

#### **23 Commitments**

On 31 October 2016 JP Morgan Chase Bank N.A. (And Its Successors in Title and Permitted Transferees) was assigned a fixed and floating charge which covers all the property or undertaking of the company. This was in place until 6 May 2019. On 6 May 2019, JP Morgan Chase Bank N.A, US Bank National Association and Bank of America N.A. (and their successors in title and permitted transferees) were assigned a fixed and floating charge which covers all the property or undertaking of the company.

On 23 April 2020 US Bank National Association (and their successors in title and permitted transferees) were assigned 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 2019 (cont'd)**

#### **24 Non adjusting post balance sheet event**

The impact of the novel strain of the coronavirus identified in late 2019 ("COVID-19") has grown throughout the world, including in all global and regional markets served by the Adient group. Governmental authorities have implemented numerous measures attempting to contain and mitigate the effects of COVID-19, including travel bans and restrictions, quarantines, social distancing orders, shelter in place orders and shutdowns of non-essential activities.

Beginning in late March 2020, the Adient group experienced the shutdown of effectively all facilities in the Americas and European regions coinciding with the shutdown of customer facilities in those regions. The Adient group also experienced the shutdown of approximately 50% of plants in Asia (outside China) during late March 2020 and early April 2020. The resumption of production in all of these regions is dependent on customers resuming operations. Until a resumption of production can occur, it is anticipated that customers will not be operating.

It is also likely that the global automotive industry will experience significantly lower demand for new vehicle sales as a result of the global economic slowdown caused by the COVID-19 pandemic because new vehicle sales are highly dependent on strong consumer confidence and low unemployment. Until consumers regain confidence in the markets and unemployment returns to lower levels, new vehicle sales will likely be significantly lower than historical and previously projected sales levels.

Adient have been actively monitoring the global outbreak and spread of COVID-19 and taking steps to mitigate the potential risks posed by its spread and related circumstances and impacts. Adient continue to assess and update our business continuity plans in the context of this pandemic. We have taken precautions to help keep the workforce healthy and safe, including establishing a Global Response Team, implementing strict travel restrictions, enforcing rigorous hygiene protocols, increasing sanitisation efforts at all facilities and implementing remote working arrangements for the vast majority of employees who work outside the plants. However, at this time the directors are comfortable there is no further impact on Adient Seating UK Ltd.