

Registration number: 00443687

Adient Seating UK Ltd

**Annual report and financial statements for the year ended
30 September 2021**



Adient Seating UK Ltd

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Adient Seating UK Ltd

Company information

Directors M Flanagan
P Rotman II
G Smith
R Tate

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

Adient Seating UK Ltd

Strategic report for the year ended 30 September 2021

The directors present their strategic report of the company for the year ended 30 September 2021.

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 2021 was £12,432,000 (2020: £17,401,000). 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 £19,166,000 (2020: £9,013,000).

Review of business and future developments

The turnover was £284,138,000 (2020: £283,396,000), an increase of .3% 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 0.7% in 2020 to 1.9% in 2021.

The car manufacturing industry remained competitive in the United Kingdom and recovered rapidly up until March 2021, when semiconductor chip shortages reached Europe. Adient is directly impacted by the lower production levels at the OEM's (Original Equipment Manufacturer) as a result of these 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 Adient's ability to adequately mitigate such inefficiencies.

The company keeps implemented multiple measures to protect its employees and organise safe working conditions because of COVID-19. The organisation applied for the government furlough scheme, to keep potential redundancies to minimum and received £3,461,000 (2020: £8,297,000) during the year.

The directors actively monitor the impact of the COVID-19 crisis and the post crisis recovery and economic and political environment. Significant uncertainty remains with semi-conductor supply crisis, material price increase, COVID-19 business recovery and post Brexit regulations.

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 2021 (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.

	2021	2020
Turnover per employee (£'000)	238	209
Gross profit margin	1.92%	0.69%
Distribution costs as a % of turnover	0.45%	0.52%
Administrative expenses as a % of turnover	5.31%	6.36%
Days sales outstanding	53	45
Inventory turnover (days)	19	19

Principal risks and uncertainties

Any of the following could adversely impact company's results of operations: the inability of company to execute turnaround actions to improve profitability; the loss of, or changes in, automobile supply contracts, sourcing strategies or customer claims with company's major customers or suppliers; increased freight, shipping costs and supply chain disruptions; 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 company'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 company 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 company'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 company'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.

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 2021 (continued)

S172(1) statement and stakeholder engagement

Director's duties

Section 172 of the Companies Act 2006 states that a director of the company must act in the way it considers, 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 fulfils its 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 2021, examples included:

- Ensured a safe work environment by implementing strict COVID-19 mitigation actions and providing for a safe return-to-work approach;
- 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.

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 2021, 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; and
- Commitment to our integrity, ethics and compliance through annual training; and
- Introduction of Hybrid Home Working Policy for employees to work 0-5 days from home.

Adient Seating UK Ltd

Strategic report for the year ended 30 September 2021 (continued)

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 2021, 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.

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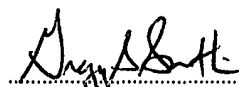
Strategic report for the year ended 30 September 2021 (continued)

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 2021 to implement this guiding principle includes:

- Annual Scheme for all employees supporting sport;
- Sponsors of the successful bid for Coventry City of Culture 2021. Supported the bid to improve the Arts, Sports, Education and Culture of Coventry for the local community;
- 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; and
- The company is engaged in a sustainability journey. 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.

On behalf of the Board



G Smith
Director

Date: 27 September 2022

Adient Seating UK Ltd

Directors' report for the year ended 30 September 2021

The directors present their report and the audited financial statements of the company for the year ended 30 September 2021.

Dividends

The directors do not recommend the payment of a dividend (2020: £nil).

Future developments

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

Going concern

The company has net liabilities of £19,166,000 (2020: £9,013,000). This is due to the company's capital requirements being met through the Adient Plc group cash pool debt £27,218,000 (2020: £33,379,000) and bank overdraft of £54,168,000 (2020: £24,844,000), 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 27 September 2023, 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.

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..

Adient Seating UK Ltd

Directors' report for the year ended 30 September 2021 (continued)

Financial risk management (continued)

Liquidity and interest rate risk (continued)

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.

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 2021 (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.

Current reporting year	2021
Location	UK
Emissions from the combustion of gas and fuel in rental vehicles (Scope 1) (tco2e)	1,863
Emissions from purchase of electricity (tco2e) (Scope 2)	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)	19
Total gross emissions based on the above (tCO2e)	4,593
Energy consumption used to calculate Scope 1 emissions (kwh)	10,255,949
Energy consumption used to calculate Scope 2 emissions (kwh)	11,821,283
Energy consumption used to calculate Scope 3 emissions (kwh)	107,749
Total energy consumption based on above (kwh)	22,184,981
Intensity ratio 1: tCO2e (gross scope 1, 2 + 3) per £m sales revenue	16.17
Intensity ratio 2: tCO2e (gross Scope 1, 2 + 3) per full time equivalent 1,000 hours worked	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

R Tate

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 £3,574 (2020: £1,876). No contributions to political organisations were made during the year (2020: £nil).

Adient Seating UK Ltd

Directors' report for the year ended 30 September 2021 (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.

Director's 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.

Events after the Balance Sheet date

The company is aware of the Ukraine situation and assessed that there are no direct or indirect impact on company's operations. There were no other significant events between the balance sheet date and the date of signing of the financial statements, affecting the company, which require adjustment to or disclosure in the financial statements.

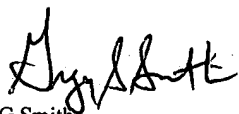
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Directors' report for the year ended 30 September 2021 (continued)

Independent auditors

PricewaterhouseCoopers LLP have resigned as auditors of the company with effect from 19 May 2022. The company has appointed PricewaterhouseCoopers as auditors with effect from 23 May 2022 by way of written resolution in lieu of Annual General Meeting.

On behalf of the Board



G Smith
Director

Date: 27 September 2022



Independent auditors' report to the members 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 2021 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 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- 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 2021 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 to the operations of Adient Seating UK Ltd, 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 included:



- discussions with management, in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulation and fraud and reviewing Board Minutes;
- confirmation with those charged with governance in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulations;
- consideration of the overall control environment and the processes and controls in place in the company, including procedures to achieve compliance with relevant laws and regulations;
- testing of journal entries posted throughout the period and at period end; and
- evaluating management's judgements for appropriateness and indicators of bias based on our knowledge and understanding of the business and the requirements of the reporting framework, the evidence obtained from our detailed audit procedures and assessing events occurring up to the date of the auditor's report.

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
- 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
27 September 2022

Adient Seating UK Ltd

Statement of comprehensive income for the year ended 30 September 2021

	<i>Note</i>	<i>2021</i> <i>£ 000</i>	<i>2020</i> <i>£ 000</i>
Turnover	5	284,138	283,396
Cost of sales		<u>(278,694)</u>	<u>(281,436)</u>
Gross profit		5,444	1,960
Distribution costs		(1,276)	(1,478)
Administrative expenses		<u>(15,093)</u>	<u>(18,039)</u>
Operating loss		(10,925)	(17,557)
Gain on disposal of fixed assets		-	137
Impairment of Investments	12	(1,436)	-
Interest receivable and similar income	6	279	336
Interest payable and similar expenses	7	<u>(350)</u>	<u>(317)</u>
Loss before taxation	8	(12,432)	(17,401)
Tax on loss	10	<u>205</u>	<u>(1,347)</u>
Loss for the year		(12,227)	(18,748)
Other comprehensive expense			
Remeasurement of net defined benefit obligation	18	2,279	(5,708)
Total tax on other comprehensive expense		<u>(205)</u>	<u>1,085</u>
Total comprehensive expense for the year		<u>(10,153)</u>	<u>(23,371)</u>

All amounts relate to continuing operations.

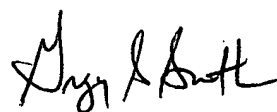
The notes on pages 18 to 40 form an integral part of these financial statements.

Adient Seating UK Ltd

Statement of financial position as at 30 September 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Tangible assets	11	4,989	6,539
Investments	12	-	822
		<u>4,989</u>	<u>7,361</u>
Current assets			
Stocks	13	13,680	13,740
Debtors	14	58,083	68,255
		71,763	81,995
Creditors: amounts falling due within one year	16	(120,484)	(111,154)
Net current liabilities		<u>(48,721)</u>	<u>(29,159)</u>
Total assets less current liabilities		<u>(43,732)</u>	<u>(21,798)</u>
Pension asset	18	24,566	12,785
Net liabilities		<u>(19,166)</u>	<u>(9,013)</u>
Capital and reserves			
Called up share capital	19	140	140
Retained earnings		<u>(19,306)</u>	<u>(9,153)</u>
Total shareholders' funds		<u>(19,166)</u>	<u>(9,013)</u>

The financial statements on pages 15 to 40 were approved by the Board of directors on 27 September 2022 and were signed on its behalf by:



G Smith
Director
Adient Seating UK Ltd
Registered number: 00443687

Date: 27 September 2022

The notes on pages 18 to 40 form an integral part of these financial statements.

Adient Seating UK Ltd

Statement of changes in equity for the year ended 30 September 2021

	<i>Called up share capital £ 000</i>	<i>Retained earnings £ 000</i>	<i>Total equity £ 000</i>
Balance at 1 October 2019	140	14,218	14,358
Loss for the year	-	(18,748)	(18,748)
Other comprehensive expense for the year	-	(5,708)	(5,708)
Total tax on other comprehensive expense	-	1,085	1,085
Total comprehensive expense for the year	-	(23,371)	(23,371)
Balance at 30 September 2020	140	(9,153)	(9,013)
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)

Retained earnings represents accumulated comprehensive income and expense at the financial year end.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021

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 21.

- *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;

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

3 Summary of significant accounting policies (continued)

Reduced disclosures (continued)

- *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)(ii), 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 10;
- *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.

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 £19,166,000 (2020: £9,013,000). This is due to the company's capital requirements being met through the Adient Plc group cash pool debt £27,218,000 (2020: £33,379,000) and bank overdraft of £54,168,000 (2020: £24,844,000), 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 27 September 2023 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 21. 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.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

3 Summary of significant accounting policies (continued)

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.

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 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.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

3 Summary of significant accounting policies (continued)

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.

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.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

3 Summary of significant accounting policies (continued)

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.

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.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (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.

The following significant accounting policies, which are consistent with the previous year unless otherwise stated, have been adopted in the preparation of this report.

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 18 for disclosures relating to the pension scheme.

Impairment review of investments

The company makes judgements, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management consider whether any of its investments are impaired.

The investment in subsidiary undertakings is carried at cost less impairment. The assessment of impairment involves estimation in relation to the value of the unquoted investment based on the net assets of the underlying investment. If an investment is impaired, the value is written down to the recoverable amount and the impairment loss is recognised in the statement of comprehensive income. The current year assessment has resulted in an impairment loss of £1,436,000 (2020: £nil) over a number of individual investments.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

4 Critical accounting judgements and estimation uncertainty (continued)

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.

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:

	2021 £ 000	2020 £ 000
Turnover		
United Kingdom	269,750	267,756
Europe	13,986	15,461
Rest of world	402	179
	<u>284,138</u>	<u>283,396</u>

Analysis of turnover by category:

	2021 £ 000	2020 £ 000
Turnover		
JIT	272,929	273,161
Foam	8,604	7,953
Others (Engineering services)	2,605	2,282
	<u>284,138</u>	<u>283,396</u>

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

6 Interest receivable and similar income

	2021 £ 000	2020 £ 000
Bank interest received	7	74
Net interest income on post employment benefits (see note 18)	<u>272</u>	<u>262</u>
Total interest receivable and similar income	<u>279</u>	<u>336</u>

Bank interest is earned on bank deposits bearing an interest rate of 0.39% (2020: 0.39%).

7 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Bank interest paid	<u>350</u>	<u>317</u>
Total interest paid and similar expenses	<u>350</u>	<u>317</u>

Bank interest is payable on bank overdrafts bearing an interest rate of 0.70% (2020: 0.70%).

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

8 Loss before taxation

	2021 £ 000	2020 £ 000
Loss before taxation is stated after charging/(crediting)		
Wages and salaries	42,742	41,528
Social security costs	4,649	4,728
Share based payment	74	73
Other pension costs	2,842	2,852
	<u>50,307</u>	<u>49,181</u>
Depreciation of tangible assets (see note 11)	1,894	1,612
Loss on disposal of tangible assets	-	137
Operating lease charges	8,146	7,845
Auditors' remuneration -for audit services	54	86
Impairment of inventory (included in cost of sales)	762	2,533
Inventory recognised as an expense	206,665	203,858
Impairment of trade receivables	201	181
Foreign exchange gain/(loss)	25	(9,315)
Forward exchange contract loss	3,342	7,391

9 Directors and employees

	2021 £ 000	2020 £ 000
Directors' emoluments		
Aggregate emoluments of the directors	495	462
Company pension contributions to defined contribution schemes	24	22
	<u>519</u>	<u>484</u>
	2021 £ 000	2020 £ 000
Highest paid director		
Aggregate emoluments	344	313
Company pension contributions to defined contribution scheme	14	13
	<u>358</u>	<u>326</u>

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

9 Directors and employees (continued)

During the year director received compensation for £nil loss of office (2020: £nil).

Emoluments of two directors (2020: two) are paid and borne by the company as disclosed above.

Emoluments of two directors (2020: 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 2021 (2020: £nil) in respect of services supplied by the directors to the company.

Retirement benefits were accruing to two directors (2020: two) under the defined contribution scheme. One director (2020: one) has benefits accrued under the now closed defined benefit scheme. During the year, two directors (2020: 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	2021 No.	2020 No.
Manufacturing and production	924	1,084
Administration and management	236	251
Distribution	34	20
	<u>1,194</u>	<u>1,355</u>

During the year the company received a government grant of £3,461,000 (2020: £nil) 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.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

10 Tax on loss

	2021 £ 000	2020 £ 000
a. Tax expense included in profit or loss		
Current tax		
UK Corporation tax at 19% (2020: 19%)	-	1,085
Total current tax	-	1,085
Deferred tax		
Impact of not recognising deferred tax balance	-	262
Origination and reversal of timing differences	(357)	-
Effect of changes in tax rates	152	-
Total deferred tax (credit)/charge	(205)	262
Total tax (credit)/charge on loss	(205)	1,347
b. Tax income included in other comprehensive income		
Current tax		
Origination and reversal of timing differences	205	(1,085)
Total tax charge/(income) included in other comprehensive income	205	(1,085)

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

10 Tax on loss (continued)

Reconciliation of tax charge during the year

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

	2021 £ 000	2020 £ 000
Loss before taxation	(12,432)	(17,401)
Loss multiplied by standard rate of corporation tax of 19% (2020: 19%)	(2,362)	(3,306)
Expenses not deductible for tax purposes	429	855
Group relief claimed for nil consideration	3,554	677
Income not taxable for tax purposes	(104)	-
Effect of changes in tax rates	152	-
Deferred tax not recognised	(1,874)	3,121
Total tax (credit)/charge	(205)	1,347

Factors affecting tax charge

The Finance (No. 2) Act 2015 reduced the standard rate of corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020, however, legislation in the Finance Act 2020, enacted in July 2020, repealed this reduction. The Finance Bill 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Bill 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurements of deferred tax balances at 30 September 2021. On 23 September 2022, an emergency Budget was held in the UK where it was confirmed that the Government will cancel the planned increase in the corporation tax rate from 19% to 25% that was due from 1 April 2023. The 19% rate will be confirmed in the upcoming Finance Bill, and is not substantively enacted at the balance sheet date. However, there is no impact of this change on the tax charge in the current year as there are no instances of deferred taxation recognised in the statement of comprehensive income or directly in equity in either the current or prior year.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

11 Tangible fixed 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 2020	3,448	1,487	2,235	7,588	1,087	15,845
Additions	-	-	-	30	623	653
Transfers from construction in progress	3	302	148	284	(737)	-
Disposals	(3)	-	(101)	(112)	-	(216)
Intercompany transfers	-	-	-	-	(227)	(227)
At 30 September 2021	3,448	1,789	2,282	7,790	746	16,055
Accumulated Depreciation						
At 1 October 2020	2,403	494	2,178	4,231	-	9,306
Charge for the year	465	72	180	1,177	-	1,894
Disposals	(3)	-	(101)	(30)	-	(134)
At 30 September 2021	2,865	566	2,257	5,378	-	11,066
Net Book Value						
At 30 September 2021	583	1,223	25	2,412	746	4,989
At 30 September 2020	1,045	993	57	3,357	1,087	6,539

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 2021 future capital expenditure for the company authorised by the directors but not provided in the financial statements was £6,281,000 (2020: £nil).

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

12 Investments

Investments	£ 000
Cost	
At 1 October 2020	822
Additions	<u>614</u>
At 30 September 2021	<u>1,436</u>
Provision for impairment	
At 1 October 2020	-
Provision charge	<u>(1,436)</u>
At 30 September 2021	<u>(1,436)</u>
Net book value	
At 30 September 2021	<u>-</u>
At 30 September 2020	<u>822</u>

During the financial year 2021, Adient Seating UK Ltd. invested £614,000 in equity of Adient Automotive Seating Maroc SARL.

The directors have assessed the carrying value of the investments held by the company. They believe it appropriate to impair the investments by £1,436,000 (2020: £nil) to reflect a change in market conditions.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

12 Investments (continued)

At 30 September 2021, 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	
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
Adient Automotive Seating Maroc SARL	Ordinary	90%	-	Lot N 11, 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.

13 Stocks

	2021 £ 000	2020 £ 000
Raw materials and consumables	12,841	13,080
Work in progress	839	660
	<u>13,680</u>	<u>13,740</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 £2,423,000 (2020: £2,533,000)

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

14 Debtors

	2021 £ 000	2020 £ 000
Trade debtors	36,024	54,237
Amounts owed by group undertakings	13,739	5,678
Other debtors	6,844	8,340
Income tax receivable	1,476	-
	<u>58,083</u>	<u>68,255</u>

Trade debtors are stated after provisions for impairment of £245,000 (2020: £36,000).

Amounts owed by group undertakings include £5,356,000 (2020: £6,275,000) 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% (2020: 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

	2021 £ 000	2020 £ 000
Fixed asset timing differences	-	1,034
Tax losses	-	1,395
Post-employment benefits	-	(2,429)
Total deferred tax asset	<u>-</u>	<u>-</u>

As at 30 September 2021, the company has total unrecognised deferred tax assets of £16,634,000 (2020: £13,808,000) due to the lack of future taxable income forecast.

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

16 Creditors - amounts falling due within one year

	2021 £ 000	2020 £ 000
Bank loans and overdrafts	54,168	24,844
Trade creditors	21,832	22,159
Amounts owed to group undertakings	27,218	33,379
Taxation and social security	7,256	15,453
Accruals and deferred income	10,010	15,319
	<u>120,484</u>	<u>111,154</u>

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

The bank overdraft is charged at Bank of 0.70% (2020: 0.70%) for cash borrowings and is secured by way of a guarantee from the ultimate parent company, Adient Plc.

17 Operating lease commitments

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

	2021 £'000	2020 £'000
Within one year	2,113	1,924
Within two to five years	6,317	4,033
Over five years	11,732	322
	<u>20,162</u>	<u>6,279</u>

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

18 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 £10.5 million (2020: £ 6.0 million) to the JCA section and £ nil (2020: £ 3.0 million) to the Group scheme. At the year end other creditors included £nil (2020: £nil) in respect of outstanding contributions.

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

	2021 £'000	2020 £'000
Adient UK Pension Scheme – JCA section	1,067	1,040
Defined contribution schemes	2,047	2,070
Total charged to operating loss	3,114	3,114
Net interest (income)/expense		
Adient UK Pension Scheme – JCA section	(272)	(266)
Adient UK Pension Scheme - Group scheme	-	4
Total amount charged to profit and loss account	2,842	2,852

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

	2021 £'000	2020 £'000
Adient UK Pension Scheme – JCA section	24,566	12,585
Adient UK Pension Scheme – Group scheme	-	200
Pension asset	24,566	12,785

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

18 Pension Costs (continued)

A full actuarial valuation of the schemes was carried out as at 31 March 2019 and updated to 30 September 2021 by qualified independent actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2021 %pa	2020 %pa
Inflation (RPI)	3.42	2.88
Inflation (CPI)	2.67	2.08
Discount rate	2.09	1.58

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

	2021		2020	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.1	24.5	22.1	24.5
Member age 45 (life expectancy at age 65)	22.8	25.9	22.9	25.9

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 £10,497,000 (2020: £6,000,000).

	Assets £'000	Liabilities £'000	Total £'000
Reconciliation of scheme assets and liabilities			
At 1 October 2020	208,899	(196,314)	12,585
Transfer from Group Section	72,800	(72,600)	200
Administrative expense	(842)	-	(842)
Past Service Cost	-	(225)	(225)
Interest income/(expense)	4,464	(4,192)	272
Actuarial gains/(losses) on assets and liabilities	(4,734)	6,813	2,079
Employer Contributions	10,497	-	10,497
Benefits paid	(7,168)	7,168	-
At 30 September 2021	283,916	(259,350)	24,566

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

18 Pension Costs (continued)

The company expects to contribute £9,000,000 (2020: £6,000,000) to its pension plan in the year ended 30 September 2022.

Total return on plan assets was:

	2021 £'000	2020 £'000
Interest income	4,464	3,743
Actuarial gain/ (loss) on plan assets	(4,734)	2,189
Total return on plan assets	(270)	5,932

The assets in the scheme comprised:

	2021 Fair Value £'000	2021 % of total assets	2020 Fair Value £'000
Equities	62,328	22.0%	16,424
Bonds	49,478	17.4%	23,609
Diversified growth fund	33,563	11.8%	29,171
Secured finance	31,833	11.2%	26,976
Others	103,638	36.5%	1,054
Liability Driven Investment	3,077	1.1%	111,665
	283,916	100%	208,899

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 £nil (2020: £3,000,000).

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

18 Pension Costs (continued)

Reconciliation of scheme assets and liabilities	<i>Assets</i> £'000	<i>Liabilities</i> £'000	<i>Total</i> £'000
At 1 October 2020	72,800	72,600	200
Transfer to JCA Section	(72,800)	(72,600)	(200)
At 30 September 2021	-	-	-

Group section transfer

As at 1 October 2020, the company and trustees combined the JCA Section and Group Section by transferring the Group Section assets and liabilities into the JCA Section. The increase in the JCA Section net pension asset of £200,000 and the equal reduction in the Group Section net pension asset has been recognised in OCI.

Total return on plan assets was:

	2021 £'000	2020 £'000
Interest income	-	1,436
Return on plan assets less interest income	-	(8,209)
Total return on plan assets	-	(6,773)

19 Called up share capital

Allotted and fully paid	2021 £'000	2020 £'000
140,000 (2020: 140,000) ordinary shares of £1 each	140	140

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 2021 (continued)

20 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.

	2021	2020
	£'000	£'000
Balances due from/(to) related parties		
a. Accounts payable balance due to Dinz Adient Oto Donamin Sanayi ve Ticaret A.S	125	(78)
b. Accounts receivable/(payable) balance due to Yanfeng Adient (Shanghai Jiading) Automotive Metal Components Co., Ltd.	-	36
	2021	2020
	£'000	£'000
Transactions with related parties during the year		
a. Purchases from Yanfeng US Automotive Interior Systems II LLC	-	4
b. Purchases from Dinz Adient Oto Donamin Sanayi ve Ticaret A.S.	-	2,674
d. Purchases from Yanfeng Adient (Shanghai Jiading) Automotive Metal Components Co., Ltd.	1,052	2,788
e. Purchases from YANFENG International Seating Systems Co Ltd	2,573	-
f. Purchases from Dinz Adient Oto Donamin Sanayi ve Ticaret A.S	3,030	-
i. Sales to ADIENT AEROSPACE Seating GmbH	60	1
j. Yanfeng Slovakia Automotive	-	6

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.

21 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 2021, 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 2021. The consolidated financial statements of Adient Plc are available from:

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

Adient Seating UK Ltd

Notes to the financial statements for the year ended 30 September 2021 (continued)

22 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.

On 23 April 2020, US Bank National Association (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.

On 23 April 2020, the company acted as a guarantor for Adient US LLC in respect of an indenture relating to the issuance of \$600,000,000 aggregate principal amount of Senior First Lien Notes (the "Notes"). The Notes mature on 15 April 2026 and bear interest at a rate of 9.00% per annum.

On 30 September 2020, the fixed and floating charges granted to JP Morgan Chase Bank N.A. and Bank of America N.A. 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 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.

23 Events after the Balance Sheet date

The company is aware of the Ukraine situation and assessed that there are no direct or indirect impact on company's operations. There were no other significant events between the balance sheet date and the date of signing of the financial statements, affecting the company, which require adjustment to or disclosure in the financial statements.

24 Approval of financial statements

The board of directors approve these financial statements for issue on 27 September 2022.