

3167671

## **Report and Accounts**

*Intier Automotive Holding  
(UK) Limited*

*(formerly known as Magna  
Automotive Holding (UK) Limited)*

**31 December 2001**



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COMPANIES HOUSE

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19/05/02

# Intier Automotive Holding (U.K.) Limited

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Registered No. 3167671

## **DIRECTORS**

J H Davies  
D R Forster  
M E McCarthy

## **SECRETARY**

D R Forster

## **AUDITORS**

Ernst & Young LLP  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

## **BANKERS**

Barclays Bank PLC  
Sevenoaks Group  
80 High Street  
Sevenoaks  
Kent TN13 1LR

## **SOLICITORS**

Sidley & Austin  
Royal Exchange  
London EC3V 3LE

## **REGISTERED OFFICE**

c/o Sidley & Austin  
Royal Exchange  
London EC3V 3LE

# Intier Automotive Holding (U.K.) Limited

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## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2001.

### CHANGE OF NAME

On 2 October 2001, Magna Automotive Holding (UK) Limited changed its name to Intier Automotive Holding, whose ultimate parent company is Intier Automotive Inc.. Intier Automotive Inc. is a 90% subsidiary of Magna International Inc.

### RESULTS AND DIVIDENDS

The company's businesses and subsidiaries ("the group") loss for the year after taxation amounted to £30,172,000 (year ended 31 December 2000 loss – £10,518,000). A dividend has not been recommended (year ended 31 December 2000: £nil), leaving a loss of £30,172,000 to be transferred to reserves (year ended 31 December 2000 – £10,518,000).

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the group is the design, engineering and manufacture of a complete range of interior systems, components and tooling for supply to the European automotive industry.

#### The formation of Intier Automotive Inc.

On 5 April 2001, Magna International Inc launched a subsidiary, Intier Automotive Inc.

On 31 July 2001, Magna International Inc. and its subsidiary Intier Automotive Inc. announced the pricing of the Intier Automotive Public Offering. This provided for the sale of 4,761,905 Class A Subordinate Voting Shares at \$13.72 per share. Intier also granted the underwriting syndicate an over-allotment option to purchase 714,286 Class A Subordinate Voting Shares at issue price, exercisable within 30 days of closing.

### OPERATING PRINCIPLES

The manufacturing divisions within the group operate as relatively small and independent profit centres. The group is committed to an operating philosophy which is based on fairness for people and has adopted the Intier Automotive Employee's Charter which applies to Intier Automotive companies world-wide. This charter includes principles which strive to create a quality work environment by providing employees fair treatment, a safe and healthful work place, competitive wages and benefits and regular communication between management and employees.

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### FUTURE DEVELOPMENTS

The group will begin the production of significant orders over the next few years. Investment in new plant and equipment is being made to provide the capacity for these new orders.

# Intier Automotive Holding (U.K.) Limited

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## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS

The directors during the year ended 31 December 2001 were as follows:

J B Colburn (resigned 21 August 2001)  
V J Galifi (resigned 21 August 2001)  
P Koob (resigned 2 April 2001)  
M E McCarthy  
H Mueller (resigned 21 August 2001)  
S Wolf (resigned 2 April 2001)  
J H Davies (appointed 21 August 2001)  
D R Forster (appointed 21 August 2001)

There are no directors' interests requiring disclosure under the Companies Act 1985.

### POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the group made political contributions of £nil (year ended 31 December 2000 – £nil) and charitable contributions of £768 (year ended 31 December 2000 – £1,001).

### RESEARCH AND DEVELOPMENT

The group employs a number of staff on Research and Development. The department's work has concentrated on new materials associated with the company's core products.

### AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP will be put to the forthcoming Annual General Meeting.

On behalf of the Board

Director

J H Davies

6/5/03

## Intier Automotive Holding (U.K.) Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT**

To the members of Intier Automotive Holding (UK) Limited

We have audited the group's financial statements for the year ended 31 December 2001 which comprise Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Reconciliation of Consolidated Shareholders' Funds, Group Balance Sheet, Balance Sheet, and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Fundamental accounting concept**

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the accounts concerning the uncertainty as to the continued availability of working capital finance from the group's ultimate parent undertaking. In view of the significance of this uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP  
Registered Auditor  
London

6/5/03.

# Intier Automotive Holding (U.K.) Limited

## GROUP PROFIT AND LOSS for the year ended 31 December 2001

		Year to 31 December 2001 Notes £000	Year to 31 December 2000 £000
<b>TURNOVER</b>			
Continuing operations	2	223,778	181,787
Discontinued operations	2	-	47,694
<b>GROUP TURNOVER</b>	2	223,778	229,481
Cost of sales	3	(214,571)	(217,934)
Gross profit		9,207	11,547
Administrative expenses	3	(13,736)	(14,727)
Distribution expenses	3	(2,938)	(4,262)
Exceptional items	4	(22,209)	-
<b>OPERATING LOSS</b>			
Continuing operations		(29,676)	(6,397)
Discontinued operations		-	(1,045)
<b>GROUP OPERATING LOSS</b>	4	(29,676)	(7,442)
Share of operating profit in associated undertaking		849	1,042
<b>TOTAL OPERATING LOSS : GROUP &amp; SHARE OF ASSOCIATE</b>		(28,827)	(6,400)
Discontinued operations:			
Loss on sale of discontinued operations		-	(1,651)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX</b>			
		(28,827)	(8,051)
Interest receivable	Group & external	8	685
	Associate	8	123
Interest payable and similar changes	Group & external	9	(2,332)
	Associate	9	(14)
		(1,538)	(215)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
Tax on loss on ordinary activities	10	(30,365)	(8,266)
		193	(2,252)
<b>LOSS RETAINED FOR THE YEAR</b>	20	(30,172)	(10,518)



## Intier Automotive Holding (U.K.) Limited

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### GROUP STATEMENT OF TOTAL RECOGNISED LOSSES for the year ended 31 December 2001

There are no recognised losses other than the loss attributable to shareholders of the group of £30,172,000 (year ended 31 December 2000 loss – £10,518,000) during the year ended 31 December 2001.

### RECONCILIATION OF SHAREHOLDERS' FUNDS for the year ended 31 December 2001

	Year ended 31 December 2001 £000	Year ended 31 December 2000 £000
Shareholders' funds at 31 December 2000	40,072	29,590
New shares issued during the period	-	21,000
Losses recognised during the period	(30,172)	(10,518)
Shareholders' funds at 31 December 2001	<u>9,900</u>	<u>40,072</u>

# Intier Automotive Holding (U.K.) Limited

## GROUP BALANCE SHEET

at 31 December 2001

	Notes	2001 £000	2000 £000
<b>FIXED ASSETS</b>			
Intangible assets	12	2,255	22,794
Tangible assets	13	24,400	29,350
Investment in associate	14	12,320	12,463
Other investments		-	5
		<u>38,975</u>	<u>64,612</u>
<b>CURRENT ASSETS</b>			
Stock	15	9,913	11,179
Debtors	16	58,782	40,159
Cash		11,397	2,037
		<u>80,092</u>	<u>53,375</u>
<b>CREDITORS: amounts falling due within one year</b>	17	<u>(108,987)</u>	<u>(77,783)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(28,895)</u>	<u>(24,408)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,080</u>	<u>40,204</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18	<u>(180)</u>	<u>(132)</u>
		<u>9,900</u>	<u>40,072</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	81,153	81,153
Profit and loss account	20	(71,253)	(41,081)
		<u>9,900</u>	<u>40,072</u>

Approved by the Board on  
and signed on its behalf by

Director

JHD Davies  
6/5/03

# Intier Automotive Holding (U.K.) Limited

## BALANCE SHEET at 31 December 2001

	Notes	2001 £000	2000 £000
<b>FIXED ASSETS</b>			
Investments	14	20,464	48,120
<b>CURRENT ASSETS</b>			
Debtors	16	86,040	80,951
Cash		8,268	61
		94,308	81,012
<b>CREDITORS: amounts falling due within one year</b>	17	(67,025)	(56,010)
<b>NET CURRENT ASSETS</b>		27,283	25,002
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		47,747	73,122
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	81,153	81,153
Profit and loss account	20	(33,406)	(8,031)
		47,747	73,122

Approved by the Board on  
and signed on its behalf by

Director

JHDavies

6/5/03

# Intier Automotive Holding (U.K.) Limited

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## NOTES TO THE ACCOUNTS

at 31 December 2001

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

#### *Fundamental Accounting Concept*

The accounts have been prepared on a going concern basis, which assumes that the group will continue in operational existence for the foreseeable future.

The group is dependent on continuing financial support being made available by its ultimate parent undertaking, Intier Automotive Inc., to enable it to continue operating and meet its liabilities as they fall due. The ultimate parent undertaking has agreed to provide sufficient funds to the group for these purposes and not to recall the amounts advanced to the group which at 31<sup>st</sup> December 2001 amounted to £43,200,000 until all other creditors have been met. This amount was reduced to £38,000,000 on 28<sup>th</sup> March 2002 when a repayment of £5,200,000 was made to the ultimate parent undertaking.

The directors believe that the company will continue to receive the financial support of its parent. The Directors therefore expect future working capital requirements to be met either from trading activities with the group's principal customers or from the ultimate parent undertaking. As a result, the Directors consider that it is appropriate to prepare the accounts on a going concern basis.

Should adequate funding not continue to be available to the group, the going concern basis would cease to be valid and adjustments would have to be made to reduce the carrying values of assets to their realisable amount, to provide for any further liabilities which might arise and to reclassify fixed assets as current assets.

#### *Basis of consolidation*

The consolidated accounts of the group incorporate the accounts of the company and all its subsidiary undertakings.

The results of companies acquired or disposed of during the period are included with effect from the date of acquisition or up to the date of disposal.

Undertakings, other than subsidiary undertakings, in which the group has an investment and over which it is in a position to exercise significant influence are treated as associated undertakings. The group accounts include the appropriate share of these undertakings' results and resources based on accounts to 31 December 2001.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### *Goodwill*

Goodwill, which represents the excess of the purchase price of the company's interest in subsidiary undertakings over the fair value of the underlying net identifiable assets arising on acquisitions, is amortised on a straight line basis over periods not exceeding 20 years. Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

# Intier Automotive Holding (U.K.) Limited

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## NOTES TO THE ACCOUNTS

at 31 December 2001

### 1. ACCOUNTING POLICIES (continued)

#### ***Tangible fixed assets***

Tangible fixed assets are recorded at historical cost. Depreciation is provided on all tangible fixed assets, other than freehold land, on a straight line basis over the estimated useful life of the fixed assets as follows:

Freehold building	–	25 to 40 years
Leasehold building	–	5 to 15 years
Plant and machinery	–	4 to 15 years
Fixtures and fittings	–	2 to 15 years
Motor vehicles	–	4 to 5 years

#### ***Leasing commitments***

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis.

#### ***Deferred taxation***

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at a tax rate at which the timing differences are expected to reverse.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost includes variable and fixed overheads appropriate to the latest stage of production.

#### ***Tooling contracts***

Turnover in relation to long-term tooling contracts are recognised in the accounts in proportion to the level of completion of the tooling project. Other incomplete tooling projects are included in stock at cost less payments on account, being all amounts received and receivable at the balance sheet date in respect of contracts in progress.

#### ***Cash flow statement***

The directors have not prepared a cash flow statement as the group is wholly owned by Intier Automotive Inc. which prepares publicly available consolidated financial statements in which the group is included.

#### ***Pensions***

The group operates a money purchase and defined benefit pension scheme. Contributions to the money purchase scheme are charged to the profit and loss account as incurred. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the group.

#### ***Research and development***

Research and development expenditure is written off as incurred.

#### ***New financial reporting standards***

##### (i) Adoption of FRS 17

In November 2000, the Accounting Standards Board issued Financial Reporting Standard No. 17: Retirement Benefits. The implementation requirements of FRS 17 are being phased in over a four year period starting with accounting periods ending on or after 22 June 2002. The company has complied with the first year transitional requirements for their defined contribution scheme for the year ending 31 December 2001.

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS

at 31 December 2001

### (ii) Adoption of FRS 19

In December 2000, the Accounting Standards Board issued Financial Reporting Standard No. 19: Deferred Tax. The implementation requirements of FRS 19 are effective for accounting periods ending on or after 23 January 2002; the company will comply with the standard for the year ending 31 December 2002 and is currently evaluating the impact.

## 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to the supply of design, engineering and manufacture of interior and exterior vehicle systems, components and tools to the European automotive industry.

An analysis of turnover by geographical market is given below:

	Year ended 31 December 2001 £000	Year ended 31 December 2000 £000
United Kingdom	171,187	135,991
Europe	49,789	44,380
Rest of the World	2,802	1,416
Discontinued	-	47,694
	<u>223,778</u>	<u>229,481</u>

Turnover from discontinued activities is analysed as follows:

	Year ended 31 December 2001 £000	Year ended 31 December 2000 £000
United Kingdom	-	35,806
Europe	-	11,296
Rest of the World	-	592
	<u>-</u>	<u>47,694</u>

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS at 31 December 2001

### 3. COST OF SALES AND OPERATING EXPENSES

	Year ended 31 December 2001			Year ended 31 December 2000		
	Contin- uing £000	Discon- tinued £000	Total £000	Contin- uing £000	Discon- tinued £000	Total £000
Cost of sales	214,571	-	214,571	173,193	44,741	217,934
Administrative expenses	13,736	-	13,736	12,239	2,488	14,727
Distribution expenses	2,938	-	2,938	2,752	1,510	4,262
Exceptional items	22,209	-	22,209	-	-	-

Exceptional items of £22,209,000 (2000 - £nil) include £19,139,000 relating to a goodwill write down in respect of the Intier Automotive Seating (UK) Limited and £3,070,000 relating to asset write downs in the same business. Goodwill write down and £593,000 of the asset write down are classified as administrative costs which therefore total £33,468,000 (2000 - £14,727,000). The balance of asset write downs of £2,477,000 are classified as Cost of sales which therefore total £217,048,000 (2000 - £217,934,000).

### 4. OPERATING LOSS

This is stated after charging:

	Year ended 31 December 2001 £000	Year ended 31 December 2000 £000
Staff costs (see note 6)	49,574	53,035
Depreciation of tangible fixed assets	6,617	9,790
Exceptional item - Impairment of tangible fixed assets	3,070	-
Amortisation of goodwill - subsidiary	1,400	1,525
- associate	388	388
Exceptional item - Impairment of goodwill	19,139	-
Hire of plant and machinery	413	535
Operating leases - land and building	2,189	2,510
- plant and machinery	247	814
Auditors' remuneration - audit	81	96
- other	136	142
Restructuring costs (see note 7)	-	1,165

Fixed assets and goodwill relating to Intier Automotive Seating (UK) have been written down to the higher of value in use, calculated using a discount rate of 8%, and estimated net realisable value.

### 5. DIRECTORS' EMOLUMENTS

	Year ended 31 December 2001 £000	Year ended 31 December 2000 £000
Emoluments	-	-

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS at 31 December 2001

### 6. STAFF COSTS

	Year ended 31 December 2001 £000	Year ended 31 December 2000 £000 <i>restated</i>
Wages and salaries	43,629	50,730
Social security costs	3,077	3,535
Other pension costs	2,868	2,491
	<u>49,574</u>	<u>56,756</u>

The average number of persons employed by the group during the period was:

	No.	No.
Manufacturing	1,744	2,053
Management, sales and administration	226	210
	<u>1,970</u>	<u>2,263</u>

### 7. RESTRUCTURING COSTS

	Year ended 31 December 2001	Year ended 31 December 2000
Restructuring of Intier Automotive Seating (UK) Limited	-	1,165
	<u>-</u>	<u>1,165</u>

### 8. INTEREST RECEIVABLE

	Year ended 31 December 2001 £000	Year ended 31 December 2000 £000
Interest receivable from external sources	322	154
Interest receivable from group undertakings	363	174
	<u>685</u>	<u>328</u>
Share of interest of associated undertaking	123	70
	<u>808</u>	<u>398</u>



# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS

at 31 December 2001

### 9. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2001 £000	Year ended 31 December 2000 £000
Bank loans and overdrafts	198	84
Interest payable to group undertakings	2,134	528
Share of interest payable of associated company	14	1
	<u>2,346</u>	<u>613</u>

### 10. TAX ON LOSS ON ORDINARY ACTIVITIES

The (charge)/credit based on the results for the year comprises:

	Year ended 31 December 2001 £000	Year ended 31 December 2000 £000
UK corporation tax at 30% (1999 – 30%)	131	(1,765)
Adjustment to prior years	125	(86)
Tax attributable to associated undertaking	(63)	(401)
	<u>193</u>	<u>(2,252)</u>

The effective tax rate for the period is lower than standard mainly as a result of un-provided timing differences relating to accelerated capital allowances.

### 11. NET LOSS

	Year ended 31 December 2001 £000	Year ended 31 December 2000 £000
(Loss) dealt with in the accounts of Intier Automotive Holding (U.K.) Limited	(25,375)	(7,866)

In accordance with the exemptions allowed by section 230 of the companies Act 1985 the company has not presented its own profit and loss account.

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS at 31 December 2001

### 12. INTANGIBLE FIXED ASSETS

<i>Group</i>	<i>Goodwill £000</i>
Cost:	
At 31 December 2000 and 31 December 2001	28,039
Amortisation:	
At 31 December 2000	5,245
Provided during the year	1,400
Impairment	19,139
At 31 December 2001	25,784
Net book amount:	
At 31 December 2001	2,255
At 31 December 2000	22,794
Goodwill is being amortised over its estimated useful life of 20 years.	

### 13. TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Land and buildings £000</i>	<i>Fixtures, fittings, motor vehicles, plant and machinery £000</i>	<i>Total £000</i>
Cost:			
At 31 December 2000	1,246	50,127	51,373
Additions	22	4,717	4,739
Disposals	-	(31)	(31)
At 31 December 2001	1,268	54,813	56,081
Depreciation:			
At 31 December 2000	232	21,791	22,023
Provided during the year	95	6,522	6,617
Impairment	-	3,070	3,070
Disposals	-	(29)	(29)
At 31 December 2001	327	31,354	31,681
Net book amounts:			
At 31 December 2001	941	23,459	24,400
At 31 December 2000	1,014	28,336	29,350

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS at 31 December 2001

### 14. INVESTMENTS

	31 December 2001 £000	31 December 2000 £000	
<i>Group</i>			
Associated undertaking (a)	12,320	12,463	
Other investments	-	5	
	<u>12,320</u>	<u>12,468</u>	
(a) Associated undertaking			
	<i>Share of net tangible assets £000</i>	<i>Goodwill £000</i>	<i>Total £000</i>
At 31 December 2000	6,532	5,931	12,463
Share of profit retained by associated undertakings	895		895
Dividend	(650)		(650)
Amortisation of goodwill		(388)	(388)
At 31 December 2001	<u>6,777</u>	<u>5,543</u>	<u>12,320</u>

*Additional disclosures given in respect of Magna Kansei Limited, which exceeds certain thresholds under Financial Reporting Standards No. 9 Associates and Joint Ventures:*

	31 December 2001 £000	31 December 2000 £000
<i>Share of net assets</i>		
Fixed assets	6,927	7,065
Current assets	10,652	5,099
Share of gross assets	<u>17,579</u>	<u>12,164</u>
Liabilities due within one year	10,776	5,386
Provisions for liabilities and charges	26	247
Share of gross liabilities	<u>10,802</u>	<u>5,632</u>
Share of net assets	<u>6,777</u>	<u>6,532</u>
Turnover	24,430	22,525
Profit before tax	958	1,111
Taxation	(63)	(401)
Profit after tax	<u>895</u>	<u>710</u>

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS

at 31 December 2001

### Company

	<i>Subsidiary undertakings £000</i>
Cost:	
At 31 December 2000 and at 31 December 2001	48,120
Amounts provided:	
At 1 January 2001	-
Provided during the year	27,656
At 31 December 2001	27,656
Net Book Value at 31 December 2001:	20,464
Net Book Value at 31 December 2000:	48,120

### Principal subsidiaries

The principal subsidiaries of Intier Automotive Holding (U.K.) Limited at 31 December 2001, which are all registered in England and Wales were:

	<i>Proportion Held</i>	<i>Principal activity</i>
Intier Automotive Interiors Limited	100%	Automotive
Tricom Group Holding Limited	100%	Holding company
Intier Automotive Seating (UK) Limited	100%	Automotive
Tricom Systems Limited	100%	Engineering
Tricom Nominees Limited	100%	Employee Share Scheme
Tricom Inc	100%	Provision of management services
<i>Associated undertaking</i>		
Magna Kansei Limited	50%	Automotive

## 15. STOCK

	<i>2001 £000</i>	<i>Group 2000 £000</i>	<i>2001 £000</i>	<i>Company 2000 £000</i>
Raw materials and consumables	7,622	5,578	-	-
Work in progress	987	4,020	-	-
Finished goods and goods for resale	1,304	1,581	-	-
	9,913	11,179	-	-

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS at 31 December 2001

### 16. DEBTORS

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£000	£000	£000	£000
Trade debtors	42,056	27,630	-	-
Amounts due from subsidiary undertakings	-	-	77,116	76,492
Amounts due from group undertakings	14,001	9,111	8,891	4,426
Other debtors	33	49	33	33
Prepayments and accrued income	1,667	2,612	-	-
Corporation tax recoverable	1,025	757	-	-
	<u>58,782</u>	<u>40,159</u>	<u>86,040</u>	<u>80,951</u>

### 17. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£000	£000	£000	£000
Trade creditors	41,878	26,438	-	-
Amounts owing to subsidiary undertakings	-	-	21,504	21,424
Amounts owing to group undertakings	53,281	39,378	45,116	34,183
Corporation tax	5	154	5	3
Social security and other taxes	3,942	1,687	-	-
Other creditors and accruals	9,881	10,126	400	400
	<u>108,987</u>	<u>77,783</u>	<u>67,025</u>	<u>56,010</u>

### 18. PROVISIONS FOR LIABILITIES AND CHARGES

#### *Group*

	<i>Refurbishment provision £000</i>	<i>Warranty provision £000</i>	<i>Total £000</i>
At 31 December 2000	-	132	132
(Utilised)/provided in year	50	(2)	48
At 31 December 2001	<u>50</u>	<u>130</u>	<u>180</u>

The group provides for customer warranty claims based on the experience from previous years and also for any known customer claims. These are reviewed quarterly. The company has also provided for refurbishment costs of a leasehold property. This provision will be utilised by the end of 2003.

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS at 31 December 2001

### Deferred taxation

There is an unrecognised deferred tax asset of £8,237,000 made up of:

#### Group

	31 December 2001 £000	31 December 2000 £000
Accelerated capital allowances	(975)	1,099
Other timing differences	(112)	(122)
Losses	(7,150)	(2,496)
	<u>(8,237)</u>	<u>(1,519)</u>

#### Company

The company had no provisions for liabilities and charges.

## 19. SHARE CAPITAL

	31 December 2001 £	31 December 2000 £
Authorised:		
100 ordinary shares of £1 each	100	100
99,999,900 redeemable preference shares of £1 each	99,999,900	99,999,900
	<u>100,000,000</u>	<u>100,000,000</u>
	31 December 2001 £	31 December 2000 £
Allotted, called up and fully paid:		
1 Ordinary shares of £1 each	1	1
81,152,999 (1999 – 60,152,999) redeemable preference shares of £1 each	81,152,999	81,152,999
	<u>81,153,000</u>	<u>81,153,000</u>

The preference shares, which were issued at par, are redeemable by the company at any time. They carry the same dividend and voting rights as ordinary shares.

On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share.

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS at 31 December 2001

### 20. RESERVES

#### *Group*

*Profit and  
loss account  
£000*

At 31 December 2000	(41,081)
Retained loss for the period	(30,172)
At 31 December 2001	(71,253)

#### *Company*

*Profit and  
loss account  
£000*

At 31 December 2000	(8,031)
Retained loss for the period	(25,375)
At 31 December 2001	(33,406)

### 21. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Annual commitments under non-cancellable operating leases are as follows

	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
31 December	2001	2001	2000	2000
	£000	£000	£000	£000
			<i>restated</i>	<i>restated</i>
Operating leases which expire:				
Within one year	17	159	19	361
In two to five years	136	303	127	257
After five years	2,019	8	1,861	-
	2,172	470	2,007	618

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS

at 31 December 2001

### 22. PENSION ARRANGEMENTS

The company and its subsidiaries operate a defined contribution pension scheme and a defined benefit pension scheme. The assets of these schemes are held separately from those of the group in independently administered funds. The individual disclosures regarding pension arrangements are contained in the accounts for each subsidiary's capital commitments.

#### Defined Benefit Scheme

The group operates a funded pension scheme providing benefits based on final pensionable earnings. The assets of the scheme are held separately from those of the company in trustee administered funds.

Contributions to the pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was carried out as at 5 April 1999. The assumptions which have the most effect on the results of the valuation are those relating to the rate of return on investments, the rate of growth of equity dividends and the rates of increase in earnings and pensions. It was assumed that future investment returns would average 8% per annum, that dividends would grow on average by 4% per annum, that earnings would increase on average 6% per annum and that pensions would increase at the rate of 4% per annum on the pension in excess of the Guaranteed Minimum Pension.

The market value of the assets as at 5 April 1999 was £19,318,000 and the actuarial value of the assets was sufficient to cover 97.3% of the benefits accrued to members, allowing for future earnings and pensions increases. The group's contributions are designed to increase and maintain this funding level in excess of 100% over the average remaining service life of the scheme members.

During the year, company contributions of £1,296,000 were paid to the scheme, which was not materially different from the pension cost assessed in accordance with Statement of Standard Accounting Practice 24.

The FRS17 calculations for disclosure purposes have been based on the 5 April 1999 valuation and updated to 2001 by a qualified independent actuary

The major assumptions used by the actuary were:

Discount rate	6.1% per annum
Rate of increase in salaries	4.0% per annum
Rate of increase in pensions	2.5% per annum
Rate of inflation	2.5% per annum



# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS

at 31 December 2001

The expected long term rate of returns and market value of the assets of the defined benefit plan at 31 December 2001 was as follows:

	<i>Long term Expected rate of return %</i>	<i>Market value £m</i>
Equities	8.1	16.0
Bonds	5.8	2.1
Other	4.0	1.4
Total market value of assets		19.5
Present value of plan liabilities		(22.0)
Deficit in the plan		(2.5)
Related deferred tax asset		0.8
Net pension liability		(1.7)

Had the above amounts been recognised in the financial statements, the group's net assets and profit and loss reserves as at 31 December 2001 would be as follows:-

	<i>£m</i>
Net assets excluding pension deficit	32.1
Pension liability	(1.7)
Net assets including pension liability	30.4
Profit and loss deficit excluding pension liability	(49.2)
Pension reserve	(1.7)
Profit and loss reserve	(50.9)

## 23. CAPITAL COMMITMENTS

	31 December 2001 £000	31 December 2000 £000
Contracted	393	3,138

# Intier Automotive Holding (U.K.) Limited

## NOTES TO THE ACCOUNTS at 31 December 2001

### 24. ULTIMATE PARENT UNDERTAKING

In the directors' opinion the ultimate parent undertaking, controlling party and parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Intier Automotive Inc. incorporated in Ontario, Canada. This is a 90% subsidiary of Magna International Inc.

Copies of the accounts of Intier Automotive Inc. are available from 521 Newpark Boulevard, Newmarket, Ontario, L3Y 4X7, Canada.

### 25. RELATED PARTY TRANSACTIONS

The company has utilised the exemption available under FRS8 as a wholly owned subsidiary undertaking not to disclose transactions with other entities that are part of or investees in Magna International Inc.

During the period, the group sold and purchased goods to and from Magna Kansei Limited, a company which is an associate of the group. The total value of these transactions was as follows:

31 December	2001 £000	2000 £000
Goods sold	846	1,089
Goods purchased	8,761	5,642

At balance sheet date, the following amounts were due from/(due to) the group:

	31 December 2001 £000	31 December 2000 £000
Due from Magna Kansei Limited	91	103
Due to Magna Kansei Limited	(2,219)	(820)