

Report and Accounts

Intier Automotive Holding (UK) Limited

31 December 2002



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Intier Automotive Holding (U.K.) Limited

Registered No. 3167671

DIRECTORS

J H Davies
D R Forster
M E McCarthy

SECRETARY

D R Forster

AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

BANKERS

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

SOLICITORS

Sidley & Austin
1 Threadneedle Street
London EC2R 8AW

REGISTERED OFFICE

c/o Sidley & Austin
1 Threadneedle Street
London EC2R 8AW

Intier Automotive Holding (U.K.) Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2002.

RESULTS AND DIVIDENDS

The company's businesses and subsidiaries ("the group") loss for the year after taxation amounted to £2,734,000 (year ended 31 December 2001 restated loss – £30,293,000). A dividend has not been recommended (year ended 31 December 2001: £nil), leaving a loss of £2,734,000 to be transferred to reserves (year ended 31 December 2001 – £30,293,000).

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.

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.

POST BALANCE SHEET EVENTS

On 27th August 2004, the Company waived £43,451,124 of intercompany debt from its subsidiary undertaking Intier Automotive Seating UK Limited.

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.

DIRECTORS AND THEIR INTERESTS

The directors during the year ended 31 December 2002 were as follows:

M E McCarthy

J H Davies

D R Forster

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 2001 – £nil) and charitable contributions of £1,695 (year ended 31 December 2001 – £768).

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.

Intier Automotive Holding (U.K.) Limited

DIRECTORS' REPORT

AUDITORS

A resolution to re-appoint Ernst & Young LLP will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Director

JH Davies

7 September 2006

Intier Automotive Holding (U.K.) Limited

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 2002 which comprise Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Reconciliation of Consolidated Shareholders' Funds, Group Balance Sheet, Company Balance Sheet, and the related notes 1 to 26. 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.

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 2002 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

Registered Auditor
London

7 September 2003

Intier Automotive Holding (U.K.) Limited

GROUP PROFIT AND LOSS

for the year ended 31 December 2002

		Year to 31 December 2002 £000	Restated Year to 31 December 2001 £000
	Notes		
GROUP TURNOVER	2	324,851	223,778
Cost of sales	3	(310,597)	(214,571)
Gross profit		14,254	9,207
Administrative expenses	3	(12,637)	(13,736)
Distribution expenses	3	(6,294)	(2,938)
Exceptional items	3	-	(22,209)
GROUP OPERATING LOSS	4	(4,677)	(29,676)
Share of operating profit in associated undertaking		1,004	849
TOTAL OPERATING LOSS : GROUP & SHARE OF ASSOCIATE		(3,673)	(28,827)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX		(3,673)	(28,827)
Interest receivable	7	673	685
Interest payable and similar changes	7	199	123
	8	(291)	(2,332)
	8	(1)	(14)
		580	(1,538)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,093)	(30,365)
Tax on loss on ordinary activities	9	359	72
LOSS RETAINED FOR THE YEAR	20	(2,734)	(30,293)

All amounts relate to continuing activities.

The accompanying notes are an integral part of this profit and loss account.

Intier Automotive Holding (U.K.) Limited

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES AND RECONCILIATION OF SHAREHOLDERS' FUNDS for the year ended 31 December 2002

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year 31 December 2002

	Year ended 31 December 2002 £000	Restated Year ended 31 December 2001 £000
Loss for the financial year excluding share of profits of the associate	(3,574)	(31,067)
Associates share of profits for the year	840	774
Total recognised gains and losses relating to the year	(2,734)	(30,293)
Prior year adjustment – FRS19 deferred tax adjustment relating to share in associate (as explained in note 1)	(246)	
Total recognised gains and losses since last year's Annual report	(2,980)	

RECONCILIATION OF SHAREHOLDERS' FUNDS for the year ended 31 December 2002

	Year ended 31 December 2002 £000	Restated Year ended 31 December 2001 £000
Opening shareholders' fund as originally stated	9,900	40,072
Prior year adjustment	(246)	(125)
Opening shareholders' funds as restated	9,654	39,947
Total recognised losses for the financial year	(2,734)	(30,293)
Closing shareholders' funds	6,920	9,654

Intier Automotive Holding (U.K.) Limited

GROUP BALANCE SHEET

at 31 December 2002

	Notes	2002 £000	Restated 2001 £000
FIXED ASSETS			
Intangible assets	11	2,098	2,255
Tangible assets	12	25,062	24,400
Investment in associate	13	11,726	12,074
		<u>38,886</u>	<u>38,729</u>
CURRENT ASSETS			
Stock	14	11,834	9,913
Debtors	15	62,814	58,782
Cash		20,880	11,397
		<u>95,528</u>	<u>80,092</u>
CREDITORS: amounts falling due within one year	16	(96,180)	(108,987)
NET CURRENT LIABILITIES		<u>(652)</u>	<u>(28,895)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>38,234</u>	<u>9,834</u>
CREDITORS: amounts falling due after more than one year	17	(31,197)	-
PROVISIONS FOR LIABILITIES AND CHARGES	18	(117)	(180)
		<u>6,920</u>	<u>9,654</u>
CAPITAL AND RESERVES			
Called up share capital	19	81,153	81,153
Profit and loss account	20	(74,233)	(71,499)
		<u>6,920</u>	<u>9,654</u>
Equity shareholders' funds		(74,233)	(71,499)
Non-equity shareholders' funds		81,153	81,153
		<u>6,920</u>	<u>9,654</u>

The accompanying notes are an integral part of this balance sheet

Approved by the Board on
and signed on its behalf by

7 September 2003

Director

JHDavies

Intier Automotive Holding (U.K.) Limited

BALANCE SHEET

at 31 December 2002

	Notes	2002 £000	2001 £000
FIXED ASSETS			
Investments	13	20,464	20,464
CURRENT ASSETS			
Debtors	15	25,170	86,040
Cash		20,880	8,268
		46,050	94,308
CREDITORS: amounts falling due within one year	16	(27,019)	(67,025)
NET CURRENT ASSETS		19,031	27,283
TOTAL ASSETS LESS CURRENT LIABILITIES		39,495	47,747
CREDITORS: amounts falling due after more than one year	17	(31,197)	-
NET ASSETS		8,298	27,283
CAPITAL AND RESERVES			
Called up share capital	19	81,153	81,153
Profit and loss account	20	(72,855)	(33,406)
		8,298	47,747
Equity shareholders' funds		(72,855)	(33,406)
Non-equity shareholders' funds		81,153	81,153
		8,298	47,747

The accompanying notes are an integral part of this balance sheet

Approved by the Board on
and signed on its behalf by

7 September 2004

Director

JHD Davies

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

1. ACCOUNTING POLICIES

Accounting convention

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

Going concern concept

The directors 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.

Change in accounting policy

In preparing the financial statements for the current year, the group has adopted FRS19 'Deferred Tax'. The adoption of FRS19 has resulted in a change in accounting policy for deferred tax. Deferred tax is recognised on a full provision basis in accordance with the accounting policy described below. Previously, deferred tax was provided for under the liability method whereby provision was made on all timing differences to the extent that they were expected to reverse in the future without replacement.

The impact of FRS19 is reflected throughout the accounts and the comparatives have been restated. The shareholders' funds at 1 January 2002 have been reduced by £246,000 and the associates share of tax charge for the year ended 31 December 2001 has been increased by £121,000. The share of associates liabilities has been increased by £246,000 as a result of which the share of net assets of the associate has decreased by that amount. The share of associates profit for the year has been reduced by £238,000 as a result of the change in accounting policy.

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 2002.

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

NOTES TO THE ACCOUNTS

at 31 December 2002

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

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

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, including a cash flow statement, 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.

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 2002 £000	Year ended 31 December 2001 £000
United Kingdom	280,257	171,187
Europe	40,445	49,789
Rest of the World	4,149	2,802
	<u>324,851</u>	<u>223,778</u>

3. COST OF SALES AND OPERATING EXPENSES

	Year ended 31 December 2002	Year ended 31 December 2001
Cost of sales	310,597	214,571
Administrative expenses	12,637	13,736
Distribution expenses	6,294	2,938
Exceptional items	-	22,209

Exceptional items of £nil (2001 - £22,209,000) include £nil (2001 - £19,139,000) relating to a goodwill write down in respect of the Intier Automotive Seating (UK) Limited and £nil (2001 - £3,070,000) relating to asset write downs in the same business. The goodwill write down of £nil (2001 - £19,139,000) and an amount of the asset write down of £nil (2001 - £593,000) are classified as administrative costs which therefore total £12,637,000 (2001 - £33,468,000). The balance of asset write downs of £nil (2001 - £2,477,000) are classified as Cost of sales which therefore total £310,597,000 (2001 - £217,048,000).

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

4. OPERATING LOSS

This is stated after charging:

	Year ended 31 December 2002 £000	Year ended 31 December 2001 £000
Staff costs (see note 6)	58,249	49,574
Depreciation of tangible fixed assets	5,388	6,617
Exceptional item - Impairment of tangible fixed assets	-	3,070
Amortisation of goodwill - subsidiary	157	1,400
- associate	388	388
Exceptional item - Impairment of goodwill	-	19,139
Hire of plant and machinery	473	413
Operating leases - land and building	2,277	2,189
- plant and machinery	264	247
Auditors' remuneration - audit	73	81
- other	108	136
	<u>58,249</u>	<u>49,574</u>

Fixed assets and goodwill relating to Intier Automotive Seating (UK) were written down in 2001 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 2002 £000	Year ended 31 December 2001 £000
Emoluments	-	-
	<u>-</u>	<u>-</u>

6. STAFF COSTS

	Year ended 31 December 2002 £000	Year ended 31 December 2001 £000
Wages and salaries	51,765	43,629
Social security costs	3,618	3,077
Other pension costs	2,866	2,868
	<u>58,249</u>	<u>49,574</u>

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

	No.	No.
Manufacturing	1,979	1,744
Management, sales and administration	210	226
	<u>2,189</u>	<u>1,970</u>

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS at 31 December 2002

7. INTEREST RECEIVABLE

	Year ended 31 December 2002 £000	Year ended 31 December 2001 £000
Interest receivable from external sources	596	322
Interest receivable from group undertakings	77	363
	<u>673</u>	<u>685</u>
Share of interest of associated undertaking	199	123
	<u>872</u>	<u>808</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2002 £000	Year ended 31 December 2001 £000
Bank loans and overdrafts	291	198
Interest payable to group undertakings	-	2,134
Share of interest payable of associated company	1	14
	<u>292</u>	<u>2,346</u>

9. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax charge in the year

	2002 £000	Restated 2001 £000
UK corporation tax at 30% (2001 – 30%)	(120)	(131)
Adjustment to prior years	(601)	(125)
Tax attributable to associated undertaking :		
Current year	120	279
Prior year	3	(12)
Current tax (credit) / charge	<u>(598)</u>	<u>11</u>
Deferred tax:		
Origination and reversal of timing differences		
attributable to associated undertaking :	239	(83)
	<u>(359)</u>	<u>(72)</u>

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

(b) Factors affecting tax charge for the year

The tax credit arising on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 – 30%). The differences are reconciled below:

	2002 £000	Restated 2001 £000
Loss on ordinary activities before tax	(3,093)	(30,365)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 – 30%)	(928)	(9,110)
<i>Effect of:</i>		
Disallowed expenses and non-taxable income	220	6,340
Depreciation in excess of capital allowances	37	1,577
Other timing differences	(79)	(12)
Brought forward losses utilised	-	(1,079)
Losses arising not relievable against current tax	750	2,086
Group relief surrendered	-	346
Adjustments in respect of previous periods	(598)	(137)
Current tax (credit) / charge for the year	(598)	11

(c) Factors affecting future tax charges

The group has unrecognised tax losses of approximately £29,153,000 (2001 - £27,457,000) to be carried forward into future periods that will be offset against the next available taxable profits of the same trade. A net deferred tax asset of approximately £8,746,000 (2001 - £8,237,000) has not been recognised in respect of accelerated capital allowance, tax losses and other timing differences (note 18) on the basis that it cannot be regarded as more likely than not that there will be suitable taxable profits from which any future reversal of the underlying timing differences can be deducted.

10. NET PROFIT / (LOSS)

	Year ended 31 December 2002 £000	Year ended 31 December 2001 £000
Loss dealt with in the accounts of Intier Automotive Holding (U.K.) Limited	(39,449)	(25,375)

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 2002

11. INTANGIBLE FIXED ASSETS

<i>Group</i>	<i>Goodwill £000</i>
Cost:	
At 31 December 2001 and 31 December 2002	28,039
Amortisation:	
At 31 December 2001	25,784
Provided during the year	157
At 31 December 2002	25,941
Net book amount:	
At 31 December 2002	2,098
At 31 December 2001	2,255

Goodwill is being amortised over its estimated useful life of 20 years.

12. TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Short Leasehold Land and buildings £000</i>	<i>Fixtures fittings, motor vehicles, plant and machinery £000</i>	<i>Total £000</i>
Cost:			
At 31 December 2001	1,268	54,813	56,081
Additions	-	6,155	6,155
Disposals	(47)	(2,092)	(2,139)
At 31 December 2002	1,221	58,876	60,097
Depreciation:			
At 31 December 2001	327	31,354	31,681
Provided during the year	92	5,296	5,388
Disposals	(27)	(2,007)	(2,034)
At 31 December 2002	392	34,643	35,035
Net book amounts:			
At 31 December 2002	829	24,233	25,062
At 31 December 2001	941	23,459	24,400

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS at 31 December 2002

13. INVESTMENTS

	31 December 2002 £000	Restated 31 December 2001 £000
<i>Group</i>		
Associated undertaking	11,726	12,074
Associated undertaking		
	<i>Share of net assets £000</i>	<i>Goodwill £000</i>
At 31 December 2001	6,777	5,543
Prior year adjustment	(246)	-
At 31 December 2001 restated	6,531	5,543
Share of profit retained by associated undertaking	840	-
Dividend	(800)	-
Amortisation of goodwill	-	(388)
At 31 December 2002	6,571	5,155
		<i>Total £000</i>
		12,320
		(246)
		12,074
		840
		(800)
		(388)
		11,726

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 2002 £000	Restated 31 December 2001 £000
<i>Share of net assets</i>		
Fixed assets	8,765	6,927
Current assets	16,054	10,652
Share of gross assets	24,819	17,579
Liabilities due within one year	17,572	10,777
Liabilities due after more than one year	184	-
Provisions for liabilities and charges	492	271
Share of gross liabilities	18,248	11,048
Share of net assets	6,571	6,531
Turnover	33,941	24,430
Profit before tax	1,202	958
Taxation	(362)	(183)
Profit after tax	840	775

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

13. INVESTMENTS (continued)

Company

*Subsidiary
undertakings
£000*

Cost:

At 31 December 2001 and at 31 December 2002

48,120

Amounts provided:

At 1 January 2002

27,656

Provided during the year

-

At 31 December 2002

27,656

Net Book Value at 31 December 2002:

20,464

Net Book Value at 31 December 2001:

20,464

Principal subsidiaries

The principal subsidiaries of Intier Automotive Holding (U.K.) Limited at 31 December 2002, which are all registered in England and Wales were:

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

14. STOCK

		<i>Group</i>		<i>Company</i>
	2002	2001	2002	2001
	£000	£000	£000	£000
Raw materials and consumables	8,519	7,622	-	-
Work in progress	1,493	987	-	-
Finished goods and goods for resale	1,822	1,304	-	-
	<u>11,834</u>	<u>9,913</u>	<u>-</u>	<u>-</u>

There is no material difference between the balance sheet value of raw materials and consumables and their replacement cost.

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS at 31 December 2002

15. DEBTORS

		<i>Group</i>		<i>Company</i>
	2002	2001	2002	2001
	£000	£000	£000	£000
Trade debtors	38,831	42,056	-	-
Amounts recoverable on long term contracts	13,722	-	-	-
Amounts due from subsidiary undertakings	-	-	24,097	77,116
Amounts due from group undertakings	6,080	14,001	1,038	8,891
Other debtors	642	33	35	33
Prepayments and accrued income	2,514	1,667	-	-
Corporation tax recoverable	1,025	1,025	-	-
	<u>62,814</u>	<u>58,782</u>	<u>25,170</u>	<u>86,040</u>

16. CREDITORS: amounts falling due within one year

		<i>Group</i>		<i>Company</i>
	2002	2001	2002	2001
	£000	£000	£000	£000
Bank overdrafts	2,945	-	-	-
Trade creditors	57,857	41,878	-	-
Amounts owing to subsidiary undertakings	-	-	26,614	21,504
Amounts owing to group undertakings	14,375	53,281	-	45,116
Corporation tax	5	5	5	5
Social security and other taxes	1,018	3,942	-	-
Other creditors and accruals	19,980	9,881	400	400
	<u>96,180</u>	<u>108,987</u>	<u>27,019</u>	<u>67,025</u>

Other creditors include £9,001,000 (2001 - £nil) of amounts secured on customer tooling.

17. CREDITORS: amounts falling due after more than one year

		<i>Group</i>		<i>Company</i>
	2002	2001	2002	2001
	£000	£000	£000	£000
Amounts owing to group undertakings	31,197	-	31,197	-
	<u>31,197</u>	<u>-</u>	<u>31,197</u>	<u>-</u>

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS at 31 December 2002

18. PROVISIONS FOR LIABILITIES AND CHARGES

Group

	<i>Refurbishment provision £000</i>	<i>Warranty provision £000</i>	<i>Total £000</i>
At 31 December 2001	50	130	180
Utilised in year	-	(28)	(28)
Provided / (released) during the year	42	(77)	(35)
At 31 December 2002	92	25	117

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 over the next 2-3 years.

Deferred tax provision of £485,000 (2001 Restated - £246,000) relating to the associated undertaking has been included within the value of the investments as part of the share of net assets of the associated undertaking for decelerated capital allowances and timing differences. The share of deferred tax provided in the associates net assets is as follows:

	2002 £000	Restated 2001 £000
Share of provision at the start of the year	246	163
Deferred tax charge in the profit and loss account	239	83
Share of provision at the end of the year	485	246

Deferred taxation

There is an unrecognised deferred tax asset made up of:

Group

	31 December 2002 £000	31 December 2001 £000
Accelerated capital allowances	(498)	(975)
Other timing differences	(1,850)	(112)
Losses	(6,398)	(7,150)
	(8,746)	(8,237)

Company

The company had no provisions for liabilities and charges.

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS at 31 December 2002

19. SHARE CAPITAL

	31 December 2002 £	31 December 2001 £
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 2002 £	31 December 2001 £
Allotted, called up and fully paid:		
1 Ordinary shares of £1 each	1	1
81,152,999 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.

20. RESERVES

<i>Group</i>	<i>Profit and loss account £000</i>
At 31 December 2001	(71,253)
Prior year adjustment	(246)
At 31 December 2001 - Restated	(71,499)
Retained loss for the period	(2,734)
At 31 December 2002	<u>(74,233)</u>
<i>Company</i>	<i>Profit and loss account £000</i>
At 31 December 2001	(33,406)
Retained loss for the period	(39,449)
At 31 December 2002	<u>(72,855)</u>

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

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	2002	2002	2001	2001
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	73	17	159
In two to five years	203	242	136	303
After five years	1,952	6	2,019	8
	<u>2,155</u>	<u>321</u>	<u>2,172</u>	<u>470</u>

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 based on the Minimum Funding Requirement. The most recent valuation was carried out as at 5 April 2002. 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 3% per annum, that dividends would grow on average by 3% per annum, that earnings would increase on average 6% per annum and that pensions would increase at the rate of 3.5% per annum on the pension in excess of the Guaranteed Minimum Pension.

The market value of the assets as at 5 April 2002 was £20,063,000 and the actuarial value of the assets was sufficient to cover 94% 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 £1,176,000 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 2002 valuation and updated to 31 December 2002 by a qualified independent actuary.

The major assumptions used by the actuary were:

	<i>31 December 2002</i>	<i>31 December 2001</i>
	%	%
Discount rate	5.75	6.1
Rate of increase in salaries	3.75	4.0
Rate of increase in pensions	2.25	2.5
Rate of inflation	2.25	2.5

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

22. PENSION ARRANGEMENTS (continued)

The expected long term rate of returns and market value of the assets of the defined benefit plan at 31 December 2002 was as follows:

	2002		2001	
	<i>Long term Expected rate of return %</i>	<i>Market value £m</i>	<i>Long term Expected rate of return %</i>	<i>Market value £m</i>
Equities	7.8	13.0	8.1	16.0
Bonds	5.5	2.5	5.8	2.1
Other	4.0	0.8	4.0	1.4
Total market value of assets		16.3		19.5
Present value of plan liabilities		(24.2)		(22.0)
Deficit in the plan		(7.9)		(2.5)
Related deferred tax asset		2.4		0.8
Net pension liability		(5.5)		(1.7)

An analysis of the defined benefit cost for the year ended 31 December 2002 is as follows:

	<i>£000</i>
Current service cost	(1,330)
Total operating charge	(1,330)
Expected return on pension scheme assets	1,465
Interest on pension scheme liabilities	(1,352)
Total other finance income	113
Actual return less expected return on pension scheme assets	(4,952)
Experience losses arising on scheme liabilities	556
Changes in assumptions underlying the present value of scheme liabilities	(1,078)
Actuarial loss recognised in the statement of total recognised gains and losses	(5,474)
Analysis of movements in deficit during the year	
At 1 January 2002	(2,463)
Total operating charge	(1,330)
Total other finance income	113
Actuarial loss recognised in the statement of total recognised gains and losses	(5,474)
Contributions	1,230
At 31 December 2002	(7,924)

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

22. PENSION ARRANGEMENTS (continued)

History of gains and losses

	2002
Difference between expected return and actual return on pension scheme assets	
- amount (£000)	(4,952)
- % of scheme assets	(30%)
Experience loss arising on scheme liabilities	
- amount (£000)	556
- % of scheme assets	2%
Total actuarial loss recognised in the statement of total recognised gains and losses	
- amount (£000)	(5,474)
- % of scheme assets	(23%)

Reconciliations of net assets and reserves under FRS 17

Net assets

	2002 £m	Restated 2001 £m
Net assets excluding defined benefit liabilities	6.9	9.7
FRS 17 defined benefit liabilities	(5.5)	(1.7)
Net assets including defined benefit liabilities	1.4	8.0

Reserves

	2002 £m	Restated 2001 £m
Profit and loss deficit excluding amounts relating to defined benefit liabilities	(74.2)	(71.5)
FRS 17 defined benefit liabilities	(5.5)	(1.7)
Profit and loss deficit including amounts relating to defined benefit liabilities	(79.7)	(73.2)

23. CAPITAL COMMITMENTS

	31 December 2002 £000	31 December 2001 £000
Contracted	510	393

24. ULTIMATE PARENT UNDERTAKING

In the directors' opinion the ultimate parent undertaking, controlling party and parent undertaking of the smallest and 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.

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

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	2002 £000	2001 £000
Goods sold	544	846
Goods purchased	8,813	8,761

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

	31 December 2002 £000	31 December 2001 £000
Due from Magna Kansei Limited	366	91
Due to Magna Kansei Limited	(1,718)	(2,219)

26. POST BALANCE SHEET EVENTS

On 27th August 2004, the Company waived £43,451,124 of intercompany debt from its subsidiary undertaking Intier Automotive Seating UK Limited.