

**Magna International  
Holding (UK) Limited**

**Annual Report and  
Financial Statements**

**For the 52 week period ended  
31 December 2021**

Registration No: 03167671

FRIDAY



\*ABD02EKR\*

A43

30/09/2022

#186

COMPANIES HOUSE

## **Magna International Holding (UK) Limited**

---

Registered No. 03167671

| <b>Contents</b>   | <b>Page</b> |
|---|-------------|
| Officers and professional advisors  | 2           |
| Strategic report  | 3-7         |
| Directors' report   | 8-10        |
| Directors' responsibilities statement   | 11          |
| Independent auditor's report to the members of Magna International Holding (UK) Limited | 12-15       |
| Profit and loss account   | 16          |
| Balance sheet   | 17          |
| Statement of changes in equity  | 18          |
| Notes to the financial statements   | 19-32       |

## **Magna International Holding (UK) Limited**

---

Registered No. 03167671

### **Officers and professional advisors**

#### **Directors**

M Smith  
L Holden

#### **Secretary**

M Smith

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
Four Brindleyplace  
Birmingham  
B1 2HZ  
United Kingdom

#### **Bankers**

BNP Paribas  
10 Harewood Avenue  
London  
NW1 6AA  
United Kingdom

#### **Solicitors**

Penningtons Solicitors LLP  
Clarendon House  
Clarendon Road  
Cambridge  
CB2 8FH  
United Kingdom

#### **Registered Office**

C/O Magna Exteriors (Banbury) Limited  
Beaumont Road  
Banbury  
Oxfordshire  
OX16 1TR  
United Kingdom

## Magna International Holding (UK) Limited

### Strategic Report

The directors present their strategic report for the 52 week period ended 31 December 2021 (2020: 52 week period ended 31 December 2020 (referred to as “2021” and “2020” within the financial statements)). The directors in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

#### Principal activity and review of the business

The principal activities of Magna International Holding (UK) Limited (“the Company”) comprise a division that manufactures aluminium castings and that of a holding company and provider of debt finance for operating companies which design, engineer and manufacture a complete range of exterior systems, seating, components and tooling for supply to the European automotive industry. The Company also has a group office function and a design and engineering centre based in Coventry.

The Company’s ultimate parent company is Magna International Inc. (“Magna”), a publicly quoted Canadian company. Magna is one of the most diversified global automotive suppliers in the world, designing, developing and manufacturing automotive systems, assembly modules and components, as well as engineering and assembling complete vehicles, primarily for sale to Original Equipment Manufacturers (“OEMs”) of cars and light trucks. Magna’s philosophy is for its manufacturing divisions to operate as independent profit centres. This decentralised structure prevents bureaucracy and makes the company more responsive to its customer needs and to changes in the global automotive industry.

#### Key Performance Indicators

The loss for the 52-week period after taxation amounted to £7,852,000 (2020 – loss of £2,566,000), which will be transferred to reserves. The Company’s key financial performance indicators are shown below:

|                             | 2021<br>£000 | 2020<br>£000 | Change<br>% |
|-----------------------------|--------------|--------------|-------------|
| Turnover                    | 31,897       | 30,928       | 1           |
| Operating (loss)            | (7,912)      | (2,966)      | (167)       |
| Loss for the financial year | (7,852)      | (2,566)      | (206)       |
| Shareholders’ funds         | (822)        | 6,969        | (112)       |

Turnover has remained largely unchanged due to the continued impact of the Covid-19 pandemic on the Cosma Casting division, mainly in respect of the ongoing semiconductor shortage which is limiting our customers’ production volumes and hence reduced demand. The Company was able to mitigate the majority of idle labour with the support of £107,527 (2020: £625,329) from the UK Governments Furlough Scheme. The increase in the operation loss is due to a number of factors including raw material price increases, especially aluminium, higher headcount and an increase in depreciation due to additional capital investment in the year. Shareholders’ funds have decreased due to the loss for the financial year which was large driven by a reduction in production volumes and an increase in cost of sales as noted above. This also explains the overdraft of £24m which is a result of the Company being the cashpool leader for all Magna UK entities and represents the combined cash deficit due to lower production volumes across all Magna UK group entities. The loss for the financial year includes a dividend receipt of £7,175,908 (2020: £nil) from the Company’s subsidiary, Magna Seating (UK) Limited, and a subsequent impairment of £7,297,000 (2020: £18,000) to reflect the decrease in that company’s carrying value.

The future outlook remains positive despite wider global uncertainties, such as the current semiconductor shortage which, the Company is expecting to have a medium to long-term impact. However, customers are indicating that solutions to remove semiconductor supply bottlenecks are being put into place and that they expect volumes to return to normal levels in 2023.

## **Magna International Holding (UK) Limited**

---

### **Strategic report (continued)**

#### **Key Performance Indicators (continued)**

Divisional KPIs are monitored by operational management on a weekly basis. Non-financial measures include appropriate health and safety performance measures, product quality measures, customer vehicle volumes, customer service levels, and operational productivity and efficiency. Other than the financial KPIs shown above, the directors do not consider that any other KPIs need to be reported in order to gain an understanding of the development, performance or position of the business.

#### **Principal Risks and Uncertainties**

The management of the business and the nature of the Company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

##### ***Market risk***

There is significant pricing pressure from the Company's customers, which is a key characteristic of the automotive parts industry. The Company seeks to recover any customer price reduction by passing it through to the supply base or by targeting cost reductions through value added/value engineering activities and utilising lean manufacturing principles at its operations.

During the 52 week period ended 31 December 2021, the Company continued to monitor the performance of its subsidiaries and other UK group undertakings, so as to identify any potential negative impact on the value of the investments and intercompany loans.

##### ***Credit risk***

In the normal course of business, the Company sells its products on standard terms to its customers. The majority of the Company's customers are automotive manufacturers and as such trade under a self-billing process. The Company's main customer is Jaguar Land Rover (JLR), so there is a significant concentration of credit risk resulting from its transactions with JLR. This risk is mitigated through continual monitoring of the financial stability of customers, including financial statement and capital adequacy ratio analysis.

The Company is also continually assessing the financial stability of its supply base through external credit agency checks (Dun & Bradstreet) and financial reviews, whilst still ensuring that the best source of supply is selected.

##### ***Climate change risk***

Climate changes and governmental actions to mitigate such changes may disrupt the Company's operations and reduce consumer demand for the Company's products. In management of this risk, the Company develops operations and products with reduced environmental impact.

##### ***Liquidity risk***

Liquidity risk is the risk that the Company may be unable to meet short term financial demands. The Company has access to Group debt facilities that ensures the Company has sufficient funds for operations.

##### ***Foreign exchange risk***

The Company's activities expose it to the fluctuations in foreign currency exchange rates and manages foreign exchange rate risk by taking out forward currency contracts over the Company's net position over a three year period. The Company does not use such instruments for speculative or trading purposes.

##### ***Semiconductor shortage and inflationary pressures***

The global semiconductor shortage has introduced disruption to the global automotive supply chain, resulting in OEM's having to shutdown unexpectedly and on short notice. The Company sees the semiconductor shortage as a medium to long-term problem with recovery expected from 2023. Notwithstanding the continuation of the semiconductor crisis beyond 2023 we do not consider that there will be any further extended customer shutdowns at this point in time.

Due to the Russia/Ukraine conflict inflationary pressures are being felt by the Company particularly in relation to utility costs. Discussions with customers are ongoing as to whether some or all of these cost may be passed on.

## Magna International Holding (UK) Limited

### Strategic report (continued)

#### Carbon Reporting & Sustainability

Managing energy consumption and carbon emissions is a key part in addressing climate change and is central to the Company's strategy. Mandatory greenhouse gas disclosures are based on the reporting year 1st January 2021 to 31st December 2021.

The Company reports its emissions data using an operational control approach to define the organisational boundary which meets the definitional requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013; in respect of those emissions for which the Group is responsible.

All material emission sources have been reported on which the Company considers itself to be responsible for. The Company does not have responsibility for any emission sources that are beyond the boundary of operational control.

Building and production emissions comprise total mains electricity and natural gas consumed and an emissions conversion factor has been applied in line with the Department for Business, Energy & Industrial Strategy (BEIS) guidance.

Annual Greenhouse gas emissions (in tonnes of carbon dioxide equivalent) within the UK are summarized in the table below:

|  | 2021           |            | 2020 (restated) |            |
|--|----------------|------------|-----------------|------------|
|  | Tonnes of CO2e | Kwh        | Tonnes of CO2e  | Kwh        |
| Emissions from combustion of fuels (Scope 1)   | 3,029          | 17,977,261 | 2,813           | 16,695,910 |
| Emissions from purchased electricity (Scope 2) | 3,435          | 14,972,645 | 3,042           | 12,314,086 |
| Total  | 7,706          | 32,949,906 | 5,855           | 29,009,996 |

The Company does not capture and report on CO2 emissions in respect of scope 3 (indirect emissions occurring from sources not owned or controlled by the Company).

The Company's intensity ratio expresses the CO2 emissions as tonnes per employee. For the current year this is 19.37 (2020: 17.53 restated).

The annual Greenhouse gas emissions for 2020 were restated due to the omission of the Phase 1 emission figures from the 2020 statutory account disclosure.

In April 2021, Magna announced to become fully carbon neutral across all global operations by 2030. Similarly, many global Automotive OEM's have announced major vehicle electrification programmes and also set clear timeframes to become carbon neutral. These strong commitments will drive an increased focus on sustainability initiatives over the coming years. The Company has reacted quickly to the changing landscape and introduced specific KPI initiatives and metrics which are regularly reviewed by the board.

The board also recognises that sustainability and environmental impact considerations will become an increasingly important part of future investment decisions and is committed to ensure it meets both future organisational and customer goals.

## **Magna International Holding (UK) Limited**

---

### **Strategic report (continued)**

#### **Statement in respect of S172(1) of the Companies Act 2006**

The directors of the Company are fully cognisant of their duty under Section 172(1) of the Companies Act 2006 to act in the way which they consider would be most likely to promote the success of the Company for the benefit of the members. The success of the business is dependent on the support of all the Company's stakeholders, so building positive relationships with them and working together towards shared goals helps to deliver long-term sustainable success. The management teams of each business make decisions with a long-term view in mind and take care to consider the likely consequences on all stakeholders of the decisions and actions which they take. The management teams follow the group's global Ethics and Compliance policies when dealing with stakeholders and implementing decisions to ensure the Company's reputation for high standards and business conduct is maintained. Details of the Company's key stakeholders and how we engage with them are set out below:

**a) Shareholders**

The Company depends on the support of its shareholder and recognises the need to enhance value for its shareholder, act in their best interest and behave responsibly towards them. Therefore, the Company evaluates the likely consequences of any decision in the long term. The management team prepare a business plan each year which is approved by the business group with a long term view in mind. Actual performance is measured by the Group and discussed with the Directors and Shareholders.

**b) Employees**

Magna is committed to an operating philosophy which is based on fairness and concern for employees and the principles are set out in the Employee's Charter. We have regular group meetings with all employees to inform them on the company's performance and future developments. There is more detail on this Charter in the directors' report on pages 8 to 10 and forms part of this report by cross-reference.

**c) Customers**

The Company is customer driven, understands and meets or exceeds customer expectations. Therefore, the Company's business relationships with customers are built on trust and transparency. Acting with honesty and integrity is central to Magna's way of doing business and the Company strives to maintain the reputation for high standards of business conduct. We have regular meetings with our customers to review our performance and ensure customer satisfaction.

**d) Suppliers**

The Company's relationships with suppliers are built upon by regular engagement through a series of interactions and formal reviews. These relationships with suppliers are used to develop mutually beneficial partnerships in areas of innovation, product development, health and safety and sustainability.

**e) Communities**

The Company considers the impact of its operations on the community and the environment. The Company is constantly striving to reduce its carbon foot print and eliminate waste through lean and efficient manufacturing methods, thereby minimising the impact on the local community and the environment. The various programs to achieve this are built into the business plan.

**f) Government and regulators**

The Company always aims to comply with all laws and regulations, whether in relation to tax compliance or health and safety. There is regular engagement with the government and regulators through industry consultations, forums and conferences, in order to make our views known to the relevant policy makers.

## **Magna International Holding (UK) Limited**

---

### **Strategic report (continued)**

#### **Post balance sheet events**

The global semiconductor shortage has introduced disruption to the global automotive supply chain, resulting in OEM's having to shutdown unexpectedly and on short notice. The Company sees the semiconductor shortage as a medium to long-term problem with recovery expected from 2023. Notwithstanding the continuation of the semiconductor crisis beyond 2023 we do not consider that there will be any further extended customer shutdowns at this point in time.

Therefore, the Company has determined that the ongoing semiconductor shortage unlikely to have any material impact on the Company's future operations and is therefore not considered to be an adjusting subsequent event. As a result, the financial position at 31st December 2021 has not been adjusted to reflect any potential impact of the semiconductor shortage.

#### **Future developments**

The Cosma Casting Business Group within Magna International Inc. set up a new facility in the UK, which is a trading division of the Company and entered into full production during the first quarter of 2018. The Company has made further investment in die casting machines and other plant and machinery during 2021 and notwithstanding any further nationwide lockdowns imposed by the UK Government due to the Covid-19 pandemic or a continuation of the semiconductor crisis beyond 2022 will continue to do so over the next year, as production is expected to ramp up.

Approved and authorised for issue by the Board and signed on its behalf by:



M Smith

Director

Date: 30 September 2022

C/O Magna Exteriors (Banbury) Limited  
Beaumont Road  
Banbury  
Oxfordshire  
OX16 1TR  
United Kingdom



## **Magna International Holding (UK) Limited**

---

### **Directors' report**

The directors present their annual report and the audited financial statements for the 52 week period ended 31 December 2021.

#### **Dividends**

No dividend is recommended or has been paid by the directors (2020 – £Nil).

#### **Future outlook and events after the balance sheet date**

Details of future developments and significant events that have occurred since the balance sheet date can be found in the strategic report on pages 3 to 7 and form part of this report by cross-reference.

#### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks, including market risk, liquidity risk and foreign exchange risk. Further details of these risks and how they are managed can be found in the strategic report on pages 3 to 7 and form part of this report by cross-reference.

#### **Going concern**

The Company's business activities, together with the factors including the semi-conductor shortage and COVID-19 that are likely to affect the future development and financial position, are set out in the strategic report on pages 3 to 7. Despite the reduction in net assets due to the loss for the period, the financial statements have been prepared on a going concern basis. This performance is consistent with the business plan prepared last year and not illustrative of any underlying problems in the Company.

The Company has finalised its business plan for the next 12 months using conservative volume forecasts and has performed a sensitivity analysis identifying any key risks and opportunities with mitigating actions to address any potential issues. The Company is forecasting an increase in turnover and profits in 2022 onwards due to new programs, which will require capital investment for the launch of production and therefore an increase in borrowing.

The Company participates in and relies upon the group's centralised treasury arrangements, which provide funds as and when required. A letter of support has been received from the directors of the Company's parent undertaking, Magna International Inc. ("Magna Group"), reconfirming that there is no expectation for these arrangements to be terminated in the next 12 months from the date of signing these accounts. In forming their view on their ability to rely on these arrangements, the directors reviewed the Magna Group's Q2 2022 results, which reported cash resources of \$2.0 billion and unused and available credit lines of \$3.5 billion. Therefore, the directors, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Magna to continue to provide the Company's current and future funding requirements.

Based on this, the directors have a reasonable expectation that Magna has the liquidity to ensure that the Company has adequate funds to continue in operational existence and meet its liabilities as they fall due for a minimum of 12 months after signing these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Directors of the Company**

The directors during the 52-week period ended 31 December 2021 and at the date of this report were as follows:

M Smith  
L Holden

## **Magna International Holding (UK) Limited**

---

### **Directors' report (continued)**

#### **Directors' liabilities**

Magna International Inc., the ultimate parent undertaking, indemnifies the directors of the Company and fellow subsidiaries against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force during the year.

#### **Business relationships**

Details of how the directors consider the need to foster the Company's business relationships with suppliers, customers and other stakeholders, can be found in the strategic report on pages 3 to 7 and form part of this report by cross-reference.

#### **Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position under normal terms and conditions and to provide appropriate training to achieve this aim.

#### **Employee consultation**

The Company is committed to an operating philosophy which is based on fairness for people and has adopted the Magna International Inc. charter, which applies to all Magna International Inc. companies worldwide. This charter includes principles which strive to create a quality work environment by providing employees fair treatment and a safe and healthy workplace, competitive wages and benefits and regular communication between management and employees.

#### **Political and charitable contributions**

During the 52 week period ended 31 December 2021, the Company made no political contributions (2020 – £nil) or charitable contributions (2020 – £nil).

#### **Research & development activities**

During 2021 the Company continued to invest in R&D activities across a range of projects aiming to advance production process to solve inefficiencies or blockages, enhance material composition and useful life as well as reduce costs.

#### **Statement as to disclosure of information to the auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

## **Magna International Holding (UK) Limited**

---

### **Directors' report (continued)**

#### **Re-appointment of auditor**

Deloitte LLP, our appointed auditor, has conducted the audit for the 52-week period ended 31 December 2021 and have expressed their willingness to be reappointed for another term. A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved and authorised for issue by the Board and signed on its behalf by:



M Smith

Director

Date: 30 September 2022

C/O Magna Exteriors (Banbury) Limited  
Beaumont Road  
Banbury  
Oxfordshire  
OX16 1TR  
United Kingdom

## **Magna International Holding (UK) Limited**

---

### **Directors' responsibilities statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They 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 the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Magna International Holding (UK) Limited**

---

### **Independent auditor's report to the members of Magna International Holding (UK) Limited**

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

##### ***Opinion***

In our opinion the financial statements of Magna International Holding (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

##### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and,

## **Magna International Holding (UK) Limited**

---

### **Independent auditor's report to the members of Magna International Holding (UK) Limited (continued)**

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

#### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included environmental regulations and GDPR.

## **Magna International Holding (UK) Limited**

### **Independent auditor's report to the members of Magna International Holding (UK) Limited (continued)**

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- The valuation of judgemental accrual balances. The specific procedures we performed in response to this risk included assessing and challenging a sample of the most significant and more complex balances and the accounting thereon, observing the supporting documentation for a sample of judgemental accruals to support the estimates and challenging the judgements underlying those accruals with senior operational, commercial and financial management, and testing the valuation of amounts by agreeing to customer agreed schedules. We then analysed the movement of judgemental accrual balances in comparison to prior year, any significant and unusual movements were investigated in details. Finally, we also tested the design and implementation of the key controls addressing this risk.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

## **Magna International Holding (UK) Limited**

---

### **Independent auditor's report to the members of Magna International Holding (UK) Limited (continued)**

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

DocuSigned by:



22AFA05F393B47A...

Peter Gallimore, FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
30 September 2022



## Magna International Holding (UK) Limited

### Profit and loss account

for the 52-week period ended 31 December 2021

|                                      | <i>Note</i> | <b>2021</b><br>£000 | <b>2020</b><br>£000 |
|--------------------------------------|-------------|---------------------|---------------------|
| <b>Turnover</b>                      | 3           | 31,897              | 30,928              |
| Cost of sales                        |             | (31,586)            | (26,395)            |
| <b>Gross profit</b>                  |             | 311                 | 4,533               |
| Distribution costs                   |             | (64)                | (58)                |
| Administrative expenses              | 5           | (8,267)             | (8,066)             |
| Other operating income               | 5           | 108                 | 625                 |
| <b>Operating loss</b>                |             | (7,912)             | (2,966)             |
| Finance cost (net)                   | 4           | (59)                | (95)                |
| Impairment provision                 | 5           | (7,297)             | (18)                |
| Dividends received                   |             | 7,176               | -                   |
| <b>Loss before taxation</b>          | 5           | (8,092)             | (3,079)             |
| Tax on loss                          | 8           | 240                 | 513                 |
| <b>Loss for the financial period</b> | 17          | (7,852)             | (2,566)             |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no other comprehensive income or loss other than those passing through the profit and loss account and therefore no separate statement of comprehensive income has been presented.

The notes on pages 19 to 32 form an integral part of these financial statements.

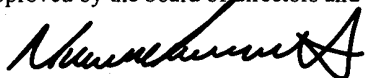
## Magna International Holding (UK) Limited

### Balance sheet

As at 31 December 2021

|  |      | 31 December 2021 | 31 December 2020 |
|--|------|------------------|------------------|
|  | Note | £000             | £000             |
| <b>Fixed assets</b>  |      |                  |                  |
| Investments  | 9    | -                | 7,297            |
| Tangible assets  | 10   | 55,246           | 54,766           |
|  |      | <u>55,246</u>    | <u>62,063</u>    |
| <b>Current assets</b>  |      |                  |                  |
| Stocks   | 11   | 11,141           | 11,547           |
| Debtors  | 12   | 58,614           | 31,433           |
| Cash at bank and in hand                                       |      | -                | 16,477           |
|  |      | <u>69,755</u>    | <u>59,457</u>    |
| <b>Creditors</b>   |      |                  |                  |
| Cash at bank and in hand                                       |      | (24,193)         | -                |
| Amounts falling due within one year                            | 13   | (97,841)         | (110,094)        |
| <b>Net current liabilities</b>                                 |      | <u>(52,279)</u>  | <u>(50,637)</u>  |
| <b>Total assets less current liabilities</b>                   |      | <u>2,967</u>     | <u>11,426</u>    |
| <b>Creditors: amounts falling due after more than one year</b> | 14   | (2,209)          | (2,574)          |
| <b>Provisions for liabilities</b>                              | 15   | (1,640)          | (1,883)          |
| <b>Net (liabilities)/assets</b>                                |      | <u>(882)</u>     | <u>6,969</u>     |
| <b>Capital and reserves</b>                                    |      |                  |                  |
| Called up share capital  | 16   | 197,413          | 197,413          |
| Profit and loss account  | 17   | (198,295)        | (190,443)        |
| <b>Shareholders' funds</b>                                     |      | <u>(882)</u>     | <u>6,970</u>     |

The financial statements of Magna International Holding (UK) Limited (registered number: 03167671) were approved by the board of directors and authorised for issue on the date below and signed on its behalf by:



M Smith

Director

Date: 30 September 2022

The notes on pages 19 to 32 form an integral part of these financial statements.

## Magna International Holding (UK) Limited

---

### Statement of changes in equity

for the 52-week period ended 31 December 2021

|   | Share<br>capital | Profit<br>and loss<br>account | Total   |
|---|------------------|-------------------------------|---------|
|   | £000             | £000                          | £000    |
| As at 1 January 2020  | 197,413          | (187,877)                     | 9,536   |
| Loss and total comprehensive expense for the financial period | -                | (2,566)                       | (2,566) |
| As at 31 December 2020  | 197,413          | (190,443)                     | 6,970   |
| Loss and total comprehensive expense for the financial period | -                | (7,852)                       | (7,852) |
| As at 31 December 2021  | 197,413          | (198,295)                     | (882)   |

## **Magna International Holding (UK) Limited**

---

### **Notes to the financial statements**

for the 52-week period ended 31 December 2021

#### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding period.

##### ***General information and basis of accounting***

The Company is incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 7.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The functional and presentational currency of the Company is considered to be pounds sterling, because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 as the Company is a member of a group where the parent entity prepares publicly available consolidated financial statements which are intended to give a true and fair view of the financial position of the group. The Company has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Magna International Inc., which can be obtained from <https://www.magna.com/company/investors/financial-reports-public-filings/annual-reports>. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

##### ***Going Concern***

The Company's business activities, together with the factors including the semi-conductor shortage and COVID-19 that are likely to affect the future developments, performance and financial position are set out in the strategic report. The directors' report further describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The current economic conditions caused by the COVID-19 pandemic create uncertainty particularly over (a) the level of demand for the Company's products; (b) the exchange rate between sterling and the euro, and thus the cost of the Company's raw materials; and (c) the availability of funding in the foreseeable future. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to meet its liabilities as they fall due.

Despite the reduction in net assets due to the loss for the period, the financial statements have been prepared on a going concern basis. This performance is consistent with the business plan prepared last year and not illustrative of any underlying problems in the Company. The Company has finalised its business plan for the next 12 months using conservative volume forecasts and has performed a sensitivity analysis identifying any key risks and opportunities with mitigating actions to address any potential issues. The Company's performance for Q2 2022 is in line with this business plan and management's expectations. The Company is forecasting an increase in turnover and profits in 2022 onwards due to new programs, which will require capital investment for the launch of production and therefore an increase in borrowing.

The Company participates in and relies upon the group's centralised treasury arrangements, which provide funds as and when required. A letter of support has been received from the directors of the Company's parent undertaking, Magna International Inc. ("Magna"), reconfirming that there is no expectation for these arrangements to be terminated in the next 12 months from the date of signing these accounts. In forming their view on their ability to rely on these arrangements, the directors reviewed the Group's Q2 2022 results, which reported cash resources of \$2 billion and unused and available credit lines of \$3.5 billion.

## Magna International Holding (UK) Limited

---

### Notes to the financial statements (continued)

for the 52-week period ended 31 December 2021

#### 1. Accounting policies (continued)

##### *Going Concern (continued)*

Therefore, the directors, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Magna to continue to provide the Company's current and future funding requirements. Based on this and Magna's results for 2022, the directors have a reasonable expectation that Magna has the liquidity to ensure that the Company has adequate resources to continue in operational existence and to meet its liabilities as they fall due for a minimum of 12 months after signing the financial statements and consequently, they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### *Group Financial Statements*

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

##### *Turnover*

The Company enters into contracts with its customers to provide production parts. Contracts do not commit the customer to a specified quantity of products; however, the Company is generally required to fulfil its customers' purchasing requirements for the production life of the vehicle. Contracts do not typically become a performance obligation until the Company receives either a purchase order and/or a customer release for a specific number of parts or assembled vehicles at a specified price. While long-term supply agreements may range from five to seven years, contracts may be terminated by customers at any time. Historically, terminations have been minimal. Contracts may also provide for annual price reductions over the production life of the vehicle, and prices are adjusted on an ongoing basis to reflect changes in product content/cost and other commercial factors.

Revenue and services are recognized at a point in time when the services are performed, or control of the parts produced or assembled vehicles are transferred to the customer according to the terms of the contract. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to in exchange for those products based on purchase orders, annual price reductions and ongoing price adjustments (some of which is accounted for as variable consideration). The Company uses the expected value method, taking into account historical data and the status of current negotiations, to estimate the amount to which it expects to be entitled. Significant changes to the Company's estimates of variable consideration are not expected.

##### *Tooling and Pre-Production Engineering Costs related to Long-Term Supply Agreements*

The Company incurs pre-production engineering and tooling costs related to the products produced for its customers under long-term supply agreements. Customer reimbursements for tooling and pre-production engineering activities that are part of a long-term supply arrangement are accounted for as a reduction of cost. Pre-production costs related to long-term supply arrangements with a contractual guarantee for reimbursement are included in the Company's other assets.

The Company expenses all pre-production engineering costs for which reimbursement is not contractually guaranteed by the customer. All tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer or for which the Company does not have a non-cancellable right to use the tooling are also expensed.

##### *Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO method and provision is made for obsolete, slow moving or defective stock where appropriate.

Revenue and costs in respect of tooling contracts are held on the balance sheet until the contracts are completed. Upon completion, the turnover and full costs are recognised in the profit and loss account. Full provision is made for losses on contracts in the year in which they are foreseen.

## **Magna International Holding (UK) Limited**

### **Notes to the financial statements (continued)**

for the 52-week period ended 31 December 2021

#### **1. Accounting policies (continued)**

##### ***Taxation***

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, once in operation, at rates calculated to write off the cost on a straight line basis over its expected useful life as follows:

|                             |                      |
|-----------------------------|----------------------|
| Heavy machinery & equipment | - over 15 years      |
| Other machinery & equipment | - over 7 to 10 years |
| Forklift Trucks             | - over 5 years       |
| Office equipment            | - over 10 years      |
| IT equipment                | - over 3 to 5 years  |

Assets under construction are not depreciated and transferred to the relevant category of asset once in use.

##### ***Financial instruments***

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

## **Magna International Holding (UK) Limited**

### **Notes to the financial statements (continued)**

for the 52-week period ended 31 December 2021

#### **1. Accounting policies (continued)**

##### ***Financial instruments (continued)***

###### ***(i) Financial assets and liabilities***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

###### ***(ii) Investments***

Investments are stated at cost less any provision for impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

##### ***Impairment of assets***

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

###### ***(i) Non-financial assets***

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

###### ***(ii) Financial assets***

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## **Magna International Holding (UK) Limited**

---

### **Notes to the financial statements (continued)**

for the 52-week period ended 31 December 2021

#### **1. Accounting policies (continued)**

##### ***Foreign currency***

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

##### ***Operating profit***

Operating profit is defined as the profit for the period after all operating costs and income but before interest receivable and similar income, interest payable and similar charges and taxation. Operating profit is disclosed as a separate line on the face of the profit and loss account.

##### ***Interest income and costs***

Interest income is recognised on the date of receipt. Interest costs are recognised when they arise.

##### ***Employee benefits***

The Company operates a defined contribution pension plan and recognises a cost equal to the contribution payable for the period in the profit and loss account. For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

Rentals payable under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

##### ***Dividends***

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

##### ***Provisions***

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

##### ***Government grants***

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Government support of £107,527 (2020: £625,329) provided to the Company in response to the Covid-19 pandemic is recognised as Other Operating Income.



## Magna International Holding (UK) Limited

### Notes to the financial statements (continued)

for the 52-week period ended 31 December 2021

#### 1. Accounting policies (continued)

##### *Government grants(continued)*

Further, the Company was awarded a Regional Growth Fund totalling £3,336,627 during the financial years 2018 to 2020, which was conditional on the acquisition of plant and machinery in a specified region. Operations commences in the first quarter of 2018 and the grant, recognised as deferred income, is being amortised over the useful life of the assets, which is 10 to 15 years. In accordance with the terms of the grant, the Group is required to retain the plant and machinery for a period of 15 years from the date of the grant.

#### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Management exercised judgement to conclude whether investments are subject to impairment based on current performance of the investee and its future plans. Details of the analysis carried out is described below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no critical accounting judgements and key sources of estimation uncertainty as at 31 December 2021 and for the year then ended.

The directors have carried out an assessment as to whether the going concern concept is appropriate and more detail of that assessment is set out in the directors' report and in note 1 above. The conclusion from this assessment is that Magna has the liquidity to ensure that the Company has adequate funds to meet its liabilities as they fall due for a minimum of 12 months after signing these financial statements. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 3. Turnover

An analysis of the Company's turnover by geographical market is set out below:

|                | 2021<br>£000  | 2020<br>£000  |
|----------------|---------------|---------------|
| United Kingdom | 29,624        | 30,007        |
| Rest of World  | 2,273         | 921           |
|                | <u>31,897</u> | <u>30,928</u> |

An analysis of the Company's turnover is as follows:

|                       | 2021<br>£000  | 2020<br>£000  |
|-----------------------|---------------|---------------|
| Sale of goods         | 29,189        | 29,540        |
| Rendering of services | 2,708         | 1,388         |
|                       | <u>31,897</u> | <u>30,928</u> |

## Magna International Holding (UK) Limited

### Notes to the financial statements (continued)

for the 52-week period ended 31 December 2021

#### 4. Finance cost

|   | 2021        | 2020        |
|---|-------------|-------------|
|   | £000        | £000        |
| External bank interest (expense)/income | (19)        | 19          |
| Interest payable to group undertakings  | (40)        | (114)       |
|   | <u>(59)</u> | <u>(95)</u> |

#### 5. Loss before taxation

This is stated after charging/(crediting):

|  | 2021    | 2020    |
|--|---------|---------|
|  | £000    | £000    |
| Impairment (note 9)  | 7,297   | 18      |
| Dividend received  | (7,176) | -       |
| Depreciation of tangible fixed assets                      | 4,651   | 4,281   |
| Amortisation of government grants                          | (308)   | (248)   |
| Other operating income                                     | (107)   | (625)   |
| Operating lease rentals – land and buildings               | 1,684   | 1,861   |
| Operating lease rentals – plant and machinery              | 48      | 53      |
| Foreign exchange loss                                      | 73      | 361     |
| Cost of stock recognised as an expense                     | 7,218   | 7,257   |
| Auditor's remuneration – audit of the financial statements | 43      | 50      |
|  | <u></u> | <u></u> |

The Company received a dividend distribution from its subsidiary, Magna Seating (UK) Ltd, in November 2021. As a result of the distribution, MIH's investment in MSUK no longer held any value, so an impairment of £7,297,000 (2020: £18,000) was recorded to reflect the reduction in the carrying value. In December, Magna Seating (UK) Ltd, commenced strike off proceedings.

The Other operating income is Government Grant income and refers to income the Company received from the UK Government furlough scheme for a proportion of our employees.

Fee payable for non-audit services was £nil (2020: £nil).

#### 6. Staff numbers and costs

The average monthly number of employees was:

|                | 2021       | 2020       |
|----------------|------------|------------|
|                | Number     | Number     |
| Engineering    | 99         | 85         |
| Sales          | 8          | 9          |
| Manufacturing  | 189        | 119        |
| Administration | 38         | 41         |
|                | <u>334</u> | <u>254</u> |

## Magna International Holding (UK) Limited

### Notes to the financial statements (continued)

for the 52-week period ended 31 December 2021

#### 6. Staff numbers and costs (continued)

Their aggregate remuneration comprised:

|                       | 2021          | 2020          |
|-----------------------|---------------|---------------|
|                       | £000          | £000          |
| Wages and salaries    | 13,750        | 11,068        |
| Social security costs | 1,062         | 939           |
| Other pension costs   | 511           | 474           |
|                       | <u>15,323</u> | <u>12,481</u> |

#### 7. Directors' remuneration and transactions

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | £000             | £000             |
| Emoluments  | <u>223</u>       | <u>242</u>       |
| Company contributions to money purchase pension schemes             | <u>4</u>         | <u>4</u>         |
| Members of money purchase pension scheme                            | <u>No.<br/>1</u> | <u>No.<br/>1</u> |
| The amounts in respect of the highest paid director are as follows: | £000             | £000             |
| Emoluments  | <u>223</u>       | <u>242</u>       |
| Company contributions to money purchase pension schemes             | <u>4</u>         | <u>4</u>         |

The highest paid director did not exercise any share options or receive any shares under a long-term incentive plan. The other director received further shares in the ultimate parent undertaking, Magna International Inc., under the group's long-term incentive plan during the year, but she did not sell any shares. In 2020 and 2021, directors' emoluments were borne by a fellow group company in respect of one director. Given she provides services to numerous Magna group companies, it is not feasible to allocate her remuneration to the Company.

## Magna International Holding (UK) Limited

### Notes to the financial statements (continued)

for the 52-week period ended 31 December 2021

#### 8. Tax on loss

##### (a) Analysis of tax charge for the period

|  | 2021<br>£000 | 2020<br>£000 |
|--|--------------|--------------|
| <b>Current Tax</b>                             |              |              |
| Corporation Tax on loss for the year           | -            | -            |
| Foreign withholding tax                        | 3            | 31           |
| Total current tax                              | 3            | 31           |
| <b>Deferred tax</b>                            |              |              |
| Origination and reversal of timing differences | (1,610)      | (544)        |
| Effect of tax rate change on closing           | 812          | -            |
| Adjustment in respect of prior year            | 555          | -            |
| Total deferred tax                             | (243)        | (544)        |
| Total tax on loss                              | (240)        | (513)        |

##### (b) Factors affecting tax charge for the period

The tax charge arising on the loss for the 52-week period is different from the effective rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

|  | 2021<br>£000 | 2020<br>£000 |
|--|--------------|--------------|
| Loss before tax  | (8,092)      | (3,079)      |
| Loss multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | (1,537)      | (585)        |
| <i>Effect of:</i>  |              |              |
| Expenses not deductible for tax purposes   | (95)         | 43           |
| Movement on impairment provision   | 1,386        | 3            |
| Non-taxable income   | (1,363)      | -            |
| Foreign withholding tax  | 2            | 26           |
| Adjustment to deferred tax for rate change                                       | 812          | -            |
| Adjustment to tax charge in respect of prior periods                             | 555          | -            |
| Total tax charge for the period  | (240)        | (513)        |

##### (c) Factors affecting future tax charges

The standard rate of tax applied to the current year loss is 19% (2020: 19%).

The Finance Act 2020 included legislation to maintain the main rate of UK corporation tax at 19% rather than reducing it to 17% from 1 April 2020. Further, The Finance Act 2021 included an increase to the UK's main rate of corporation tax to 25%, which is due to be effective from 1 April 2023. This change was enacted at the balance sheet date and has therefore been reflected in these financial statements, increasing the Company's deferred tax liability by £812k. Temporary difference have been remeasured using the enacted tax rates that are expected to apply when the deferred tax liabilities are settled or the deferred tax assets realised. At 31 December 2021 the Company has no unrecognised trading losses (2020: £nil) available to offset against certain future profits.

## Magna International Holding (UK) Limited

### Notes to the financial statements (continued)

for the 52-week period ended 31 December 2021

#### 8. Tax on loss (continued)

##### (c) Factors affecting future tax charges (continued)

On 23 September 2022, the Chancellor of the Exchequer announced that the planned tax rate change to 25% would no longer be implemented and that the main rate would remain at 19%. Because the enacted rate at the balance sheet date was 25% this announcement does not represent an adjusting event and the company's deferred tax balances as at 31 December 2021 are still calculated at that higher rate. When recalculated at the lower 19% rate the deferred tax liability would reduce by approximately £812k. This reduction will be recognised in 2022.

#### 9. Fixed asset investments

|  | <i>Subsidiary<br/>Undertakings<br/>£000</i> |
|--|---|
| <i>Cost:</i>                             |   |
| At 31 December 2020 and 31 December 2021 | 15,000                                      |
|  | <hr/>                                       |
| <i>Provisions for impairment:</i>        |   |
| At 31 December 2020                      | 7,703                                       |
| Impairment                               | 7,297                                       |
|  | <hr/>                                       |
| At 31 December 2021                      | 15,000                                      |
|  | <hr/>                                       |
| <i>Net book value:</i>                   |   |
| At 31 December 2021                      | -   |
|  | <hr/>                                       |
| At 31 December 2020                      | 7,297                                       |
|  | <hr/>                                       |

##### *Subsidiaries*

The subsidiaries of the Company at 31 December 2021, which are registered in England and Wales, were:

|                               | <i>Registered<br/>office</i> | <i>Principal<br/>activity</i> | <i>Holding</i>  | <i>Proportion<br/>held</i> |
|-------------------------------|------------------------------|-------------------------------|-----------------|----------------------------|
| Magna Seating (UK) Limited    | Chatham                      | Automotive                    | Ordinary shares | 100%                       |
| Cosma Casting UK R.E. Limited | Coventry                     | Property Mgmt                 | Ordinary shares | 100%                       |

Full registered address of Magna Seating (UK) Limited is Admiral's Offices Main Gate Road, The Historic Dockyard, Chatham, Kent, ME4 4TZ.

Magna Seating (UK) Limited entered strike off proceedings in December 2021, at which point the remaining investment of £7,297k was written off, and was subsequently struck off the UK company register in March 2022

Full registered address of Cosma Casting UK R.E. Limited is C/O Magna Exteriors (Banbury) Limited, Beaumont Road, Banbury, Oxfordshire, England, OX16 1TR. The full principal activity of this company is investment property management.

The directors of Cosma Casting UK R.E. Limited intend to transfer the the property owned by the company to the parent entity, Magna International Holding (UK) Limited, in August 2022 after which Cosma Casting UK R.E. Limited will enter strike off proceedings.

## Magna International Holding (UK) Limited

### Notes to the financial statements (continued)

for the 52-week period ended 31 December 2021

#### 10. Tangible fixed assets

|                        | <i>Assets in<br/>course of<br/>construction<br/>£000</i> | <i>Plant and<br/>machinery<br/>£000</i> | <i>Total<br/>£000</i> |
|------------------------|--|---|-----------------------|
| <i>Cost:</i>           |  |   |                       |
| At 31 December 2020    | 18,528   | 44,937                                  | 63,465                |
| Prior Year Adjustment  | 3  | -                                       | 3                     |
| Additions              | 5,414  | 22                                      | 5,436                 |
| Disposals              | -  | (261)                                   | (261)                 |
| Transfers              | (23,176)   | 23,176                                  | -                     |
| At 31 December 2021    | 769  | 67,874                                  | 68,643                |
| <i>Depreciation:</i>   |  |   |                       |
| At 31 December 2020    | -  | 8,699                                   | 8,699                 |
| Charge for the year    | -  | 4,959                                   | 4,959                 |
| Disposals              | -  | (261)                                   | (261)                 |
| At 31 December 2021    | -  | 13,397                                  | 13,397                |
| <i>Net book value:</i> |  |   |                       |
| At 31 December 2021    | 769  | 54,477                                  | 55,246                |
| At 31 December 2020    | 18,528   | 36,238                                  | 54,766                |

#### 11. Stocks

|                                    | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|------------------------------------|-----------------------------|-----------------------------|
|                                    | <i>£000</i>                 | <i>£000</i>                 |
| Raw materials and work in progress | 1,426                       | 1,545                       |
| Finished goods                     | 837                         | 832                         |
| Tooling work in progress           | 8,876                       | 9,160                       |
| Engineering inventory              | 2                           | 11                          |
|                                    | 11,141                      | 11,548                      |

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

#### 12. Debtors: amounts falling due within one year

|  | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|-----------------------------|-----------------------------|
|  | <i>£000</i>                 | <i>£000</i>                 |
| Trade debtors                            | 8,290                       | 7,446                       |
| Amounts due from subsidiary undertakings | 19,559                      | 20,465                      |
| Amounts due from group undertakings      | 30,321                      | 2,722                       |
| VAT                                      | -                           | 484                         |
| Prepayments and accrued income           | 444                         | 316                         |
|  | 58,614                      | 31,433                      |

Amounts due from subsidiary and group undertakings are unsecured, interest bearing and repayable on demand. The average rates of interest on subsidiary and group undertaking during the year were 0.13% (2020: 0.12%) for GBP and 0% (2020: 0%) for EUR balances.

## Magna International Holding (UK) Limited

### Notes to the financial statements (continued)

for the 52-week period ended 31 December 2021

**13. Creditors: amounts falling due within one year**

|  | 31 December<br>2021 | 31 December<br>2020 |
|--|---------------------|---------------------|
|  | £000                | £000                |
| Trade creditors                          | 11,375              | 7,720               |
| Amounts owing to subsidiary undertakings | -                   | 7,259               |
| Amounts owing to group undertakings      | 80,920              | 86,600              |
| Accruals and deferred income             | 4,762               | 8,075               |
| Other taxation and social security       | 497                 | 440                 |
| VAT                                      | 287                 | -                   |
|  | <u>97,841</u>       | <u>110,094</u>      |

Amounts owing to subsidiary and group undertakings are unsecured, interest bearing and repayable on demand. The average rates of interest on subsidiary and group undertaking during the year were 0.13% (2020: 0.12%) for GBP and 0% (2020: 0%) for EUR balances.

**14. Creditors: amounts falling due after more than one year**

|                              | 31 December<br>2021 | 31 December<br>2020 |
|------------------------------|---------------------|---------------------|
|                              | £000                | £000                |
| Accruals and deferred income | 2,209               | 2,574               |
|                              | <u>2,209</u>        | <u>2,574</u>        |

**15. Provisions for liabilities**

|                                    | 31 December<br>2021 | 31 December<br>2020 |
|------------------------------------|---------------------|---------------------|
|                                    | £000                | £000                |
| <b>Deferred tax</b>                |                     |                     |
| As at 1 January                    | 1,883               | 2,427               |
| Charged to profit and loss account | (243)               | (544)               |
| As at 31 December                  | <u>1,640</u>        | <u>1,883</u>        |

The above deferred tax balance is made up of a deferred tax liability on fixed asset timing difference of £5,496k and a deferred tax asset on trading losses of £3,856.

## Magna International Holding (UK) Limited

### Notes to the financial statements (continued)

for the 52-week period ended 31 December 2021

#### 16. Called up share capital

|   | 31 December<br>2021 | 31 December<br>2020 |
|---|---------------------|---------------------|
|   | £                   | £                   |
| Authorised, allotted, called up and fully paid:     |                     |                     |
| 1 Ordinary shares of £1 each                        | 1                   | 1                   |
| 197,412,999 redeemable preference shares of £1 each | 197,412,999         | 197,412,999         |
|   | <u>197,413,000</u>  | <u>197,413,000</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 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. There is no premium payable on redemption.

#### 17. Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### 18. Pension commitments

A Magna (UK) Pension Scheme, a funded money purchase pension scheme was established on 1 September 2015. The assets of the scheme are held separately from those of the Company, being invested in various funds managed by National Pensions Trust. Contributions to the scheme are charged to the profit and loss account as they occur. For non-Magna pension scheme members, the Company implemented the NEST scheme in May 2014.

The Company's contributions to the pension scheme outstanding at the balance sheet date were £83,000 (2020: £89,000).

#### 19. Financial commitments

Capital commitments relating to plant and machinery are as follows:

|   | 31 December<br>2021 | 31 December<br>2020 |
|---|---------------------|---------------------|
|   | £000                | £000                |
| Amounts contracted but not provided for | <u>935</u>          | <u>4,802</u>        |

Total future minimum lease payments under non-cancellable operating leases are as follows:

|                            | Land and<br>buildings |              | Other     |            |
|----------------------------|-----------------------|--------------|-----------|------------|
|                            | 2021                  | 2020         | 2021      | 2020       |
|                            | £000                  | £000         | £000      | £000       |
| Within one year            | -                     | 1,725        | 40        | 43         |
| Between one and five years | -                     | 1,437        | 18        | 64         |
| After five years           | -                     | 128          | -         | -          |
|                            | <u>-</u>              | <u>3,290</u> | <u>59</u> | <u>107</u> |