

Registration number: 09921320

Adient Ltd

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

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Adient Ltd

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Adient Ltd

Company information

Directors	P Rotman II G Smith
Company secretary	P Rotman II
Registration number	09921320
Registered office	Demise C, Ground Floor Welland House 120 Longwood Close Westwood Business Park Coventry CV4 8AE

Adient Ltd

Strategic report for the year ended 30 September 2021

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

Results

The results for the financial year and the financial position of the company are shown in the accompanying financial statements. The profit before taxation for the financial year was £27,000 (2020: £30,877,000).

The significant decrease in profit in the current year is due to £nil gain on sale of investments (2020: £30,775,000).

The company has net assets of £2,329,000 (2020: £2,305,000).

Review of business and future developments

The principal activity of the company itself is that of a holding company investing in activities within the manufacture and sale of trimmed seats, seat components and interiors to the global automotive industry.

The directors expect the general level of activity to remain stable for the foreseeable future.

Business environment and strategy

The activities of the company continue to be those of a holding company which engages in investment activities which are, by their nature, non-recurrent events. The company will continue to monitor each investment it holds together with any potential opportunities as they arise.

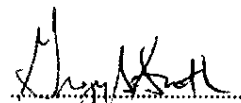
Principal risks and uncertainties

The principal risks and uncertainties of the company relate to the performance of its subsidiary companies. The subsidiaries apply group policy which requires risk management and operational policies and procedures to be implemented in all areas of business. Furthermore, there is a robust supervision structure which allows management to account for the delivery of the company and subsidiaries contracts and to oversee relationships with its key stakeholders.

Key performance indicators ("KPIs")

The fixed asset investment activity of the company is managed as part of the global investment strategy and legal entity structure of the Adient Plc group and the company's directors are of the opinion that analysis using KPIs is not necessary or appropriate for an understanding of the development, performance or position of the business.

On behalf of the Board:



G Smith
Director

Date: 31 August 2022

Directors' report for the year ended 30 September 2021

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

The members have not required the company to obtain an audit of its accounts for the year ended 30 September 2021 in accordance with s476 of the Companies Act 2006.

Future developments

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

Dividends

The company did not declare a dividend (2020: £30,775,000, in the form of £153,786 per ordinary £1 share).

Financial risk management

Credit risk

The company is not exposed to any credit risk other than in respect of inter-company balances within the Adient Plc group of companies. The company does not have an external customer base. The company uses financial institutions authorised by the Adient Plc group who actively manage the global banking facilities. All cash held on deposit is pooled at a European level to mitigate risk.

Exchange rate risk

The policy is to manage exchange rate risk on contractual future cash flows by the use of forward exchange contracts. In particular the parts, supply and sourcing business has mitigated foreign exchange rate risk with both US dollar and Euro hedges.

Liquidity and interest rate risk

Cash balances held with external institutions form part of the Adient Plc group global cash pool arrangement. If funding is required, then this is achieved by an internal loan from an Adient Plc group company. As a result, the interest rate risk is mitigated as there is no external funding requirement.

All risks are closely managed by the corporate risk management team, which is controlled by the ultimate parent company Adient Plc.

Directors

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

P Rotman II

G Smith

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Adient Plc also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

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

Impact of COVID-19

The impact of COVID-19, and related variants and sub-variants, continues to be present throughout the world, including in all global and regional markets served by Adient. The elevated COVID-19 rates in China have led to widespread lockdowns during the second quarter of fiscal 2022, and are expected to continue throughout fiscal 2022, negatively impacting the automotive production levels in that region, along with creating further supply chain disruptions. Although vaccines have been introduced that are expected to have the result of reducing the effect of COVID-19 and COVID-19 started to wane in certain geographic areas, governmental authorities continue to implement numerous measures attempting to contain and mitigate the effects of COVID-19, including travel bans and restrictions, quarantines, social distancing orders, shelter in place orders and shutdowns of non-essential activities. Adient's manufacturing facilities are located in areas that continue to be affected by the pandemic. Adient continues to actively monitor the threat and impacts of COVID-19.

Events since the balance sheet date

Following Russia's invasion of Ukraine in February 2022, Adient has been considering withdrawing from the Russian market.

Adient does not have significant presence in Russia and no presence in Ukraine. All government sanctions put in place towards Russia and Belarus were immediately implemented. The group's focus is on the safety of its employees and their families. The group is monitoring its regional operations to ensure that it continues to comply with applicable laws and regulations in the markets in which it operates in order to assess and mitigate the risks and potential impacts to supply chains and customers. The UK entities have limited business directly with the countries involved therefore the impact is foreseen to be limited.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Adient Ltd

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

Statement of directors' responsibilities (continued)

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Board:



G Smith
Director

Date: 31. August 2022

Adiant Ltd

Statement of comprehensive income for the year ended 30 September 2021

	<i>Note</i>	<i>2021</i> <i>£ 000</i>	<i>2020</i> <i>£ 000</i>
Administrative expenses		<u>(46)</u>	<u>(41)</u>
Operating loss		(46)	(41)
Gain on sale of investments	11	-	30,775
Interest receivable and similar income	7	9	116
Other income		65	69
Interest payable and similar expenses	8	<u>(1)</u>	<u>(42)</u>
Profit before taxation	9	27	30,877
Tax on profit	10	<u>(3)</u>	<u>(3)</u>
Profit for the year		<u>24</u>	<u>30,874</u>

The above results were derived from continuing operations.

No separate statement of comprehensive income has been presented because the company has no other comprehensive income other than profit for the financial year

The notes on pages 9 to 17 form an integral part of these financial statements.

Statement of financial position as at 30 September 2021

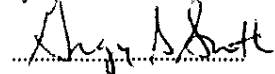
	Note	2021 £ 000	2020 £ 000
Fixed assets			
Investments	11	1,144	1,144
		<u>1,144</u>	<u>1,144</u>
Current assets			
Debtors	12	83	150
Cash at bank and in hand		1,102	1,032
		<u>1,185</u>	<u>1,182</u>
Creditors: amounts falling due within one year	13	-	(21)
Net current assets		<u>1,185</u>	<u>1,161</u>
Total assets less current liabilities		<u>2,329</u>	<u>2,305</u>
Net assets		<u>2,329</u>	<u>2,305</u>
Capital and reserves			
Called up share capital	14	-	-
Retained earnings		2,329	2,305
Total shareholders' funds		<u>2,329</u>	<u>2,305</u>

For the year ending 30 September 2021 the company was entitled to exemption from audit under s479A of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the year ending 30 September 2021 in accordance with s476 of the Companies Act 2006.

The director acknowledges their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements on pages 6 to 16 were approved by the Board on 31 August 2022 and signed on its behalf by:



G Smith
Director
Adient Ltd
Registered number: 09921320

The notes on pages 9 to 17 form an integral part of these financial statements.

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

	<i>Called up share capital £ 000</i>	<i>Retained earnings £ 000</i>	<i>Total shareholders' funds £ 000</i>
Balance at 1 October 2019	-	2,206	2,206
Profit for the year	-	30,874	30,874
Dividends paid	-	(30,775)	(30,775)
Balance at 30 September 2020	-	2,305	2,305
Balance at 1 October 2020	-	2,305	2,305
Profit for the year	-	24	24
Balance at 30 September 2021	-	2,329	2,329

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

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

1 General information

Adient Ltd, ("the company") is a private company limited by shares domiciled and incorporated in the United Kingdom. The address of its registered office is Demise C, Ground Floor, Welland House, 120 Longwood Close, Westwood Business Park, Coventry CV4 8AE.

The company is a holding company investing in activities within the manufacture and sale of trimmed seats, seat components and interiors to the UK automotive industry.

2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and in accordance with the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies which have been applied consistently throughout the financial year and prior year are disclosed below.

Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention. The financial statements have been prepared in Pound Sterling which is the functional and presentation currency of the company rounded to nearest £'000. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in these financial statements.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements on the basis that the information is provided in the consolidated financial statements of Adient Plc, which is registered in Ireland and which itself prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 15.

- *Section 4 'Statement of Financial Position'* :
Reconciliation of the opening and closing number of shares as required by paragraph 4.12(a)(iv) of FRS 102;
- *Section 7 'Statement of Cash Flows'* :
Presentation of a Statement of Cash Flow and related notes and disclosures as required by paragraph 3.17(d) of FRS 102;

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

3 Summary of significant accounting policies (continued)

Reduced disclosures (continued)

- *Section 11 'Basic Financial Instruments' & Section 12 'Other Financial instrument issues' :*
Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the statement of comprehensive income as required by paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A of FRS 102; and
- *Section 33 'Related Party Disclosures' :*
Compensation for key management personnel as required by paragraph 33.7 of FRS 102.

Group financial statements

The company is exempt from the requirement to prepare and deliver consolidated financial statements under the provisions of Section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Adient Plc, which is registered in Ireland and which itself prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 16. Accordingly consolidated financial statements have not been prepared and the financial information presented for both the current and preceding years is for the company as an individual undertaking.

Functional and presentational currency

The company's functional and presentation currency is the Pound Sterling.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are expressed in sterling at rates ruling at the statement of financial position date. Income and expenditure denominated in foreign currencies has been translated into sterling at the rates ruling at the time of the transaction. All differences on exchange are taken to the statement of comprehensive income.

Taxation

Current tax is provided on taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions are aggregated unless, in the opinion of the directors separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

The company does not disclose transactions with members of the same group that are wholly owned.

Fixed asset investments

Fixed assets investments are stated at cost plus incidental expenses less provisions for impairment in value. The company reviews the carrying value of investments when there has been an indication of potential impairment. If it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank overdrafts, when applicable, are shown within borrowings in current liabilities.

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

3 Summary of significant accounting policies (continued)

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and loans to fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method and are assessed annually for evidence of impairment. Any impairment loss or reversal of an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Such debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares issued by the company are recorded at the proceeds received, net of transaction costs.

Interest receivable and payable

Interest is credited in the statement of comprehensive income using the effective interest rate method.

4 Directors and employees

The directors received no remuneration in respect of their services to the company during the year (2020: \$nil) as their services as directors of the company were incidental to their other services within the Adient group of companies. Directors' remuneration costs are borne by other members of the Adient group of companies. The average monthly number of employees is nil (2020: £nil).

5 Income from fixed asset investments

	2021 £ 000	2020 £ 000
Cash dividend received	-	30,775

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

5 Income from fixed asset investments (continued)

In September 2020, the company received cash dividends from Adient Luxembourg Holding S.a.r.L of €34,450,000.

6 Dividends paid

	2021 £ 000	2020 £ 000
Cash dividend	<u>-</u>	<u>30,775</u>

The company declared and paid a cash dividend of £nil (2020: £30,775,000, in the form of £153,786 per ordinary £1 share).

7 Interest receivable and similar income

	2021 £ 000	2020 £ 000
Bank interest income	<u>9</u>	<u>116</u>

8 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Bank interest	<u>1</u>	<u>42</u>

9 Profit before taxation

	2021 £ 000	2020 £ 000
Profit before taxation is stated after charging:		
Foreign exchange losses	<u>45</u>	<u>41</u>

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

10 Tax on profit

Tax charged in the statement of comprehensive income:

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax at 19% (2020: 19%)	-	3
Foreign tax suffered	3	-
Total tax on profit	<u>3</u>	<u>3</u>

Reconciliation of tax charge during the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before taxation	<u>27</u>	<u>30,877</u>
Profit multiplied by standard rate of corporation tax of 19% (2020: 19%)	5	5,866
Withholding tax	-	3
Non-taxable dividend income	-	(5,847)
Group relief (not paid for)/surrendered	(5)	(25)
Deferred tax not recognised	-	6
Foreign tax suffered	3	-
Total tax charge	<u>3</u>	<u>3</u>

Factors affecting the tax charge for the year

The Finance (No. 2) Act 2015 reduced the standard rate of corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020, however, legislation in the Finance Act 2020, enacted in July 2020, repealed this reduction. The Finance Bill 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Bill 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurements of deferred tax balances at 30 September 2021.

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

10 Tax on profit (continued)

Unrecognised deferred tax asset

As at 30 September 2021, the company has total unrecognised deferred tax assets of £14,900 (2020: £nil).

11 Fixed asset investments

£ 000

Cost

At 1 October 2020 and 30 September 2021	<u>1,144</u>
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Net book value

At 30 September 2021	<u>1,144</u>
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At 30 September 2020	<u>1,144</u>
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Analysed as:

	<i>2021</i> £ 000	<i>2020</i> £ 000
Adient Engineering and IP GmbH	1,137	1,137
Adient US Enterprises Limited	7	7
Adient Luxembourg Holding S.e.r.L	<u>-</u>	<u>-</u>
	<u>1,144</u>	<u>1,144</u>

In 2020, Adient US Enterprises LP returned capital amounting to £26,000.

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

11 Fixed asset investments (continued)

At 30 September 2021 the company had the following investments:

	Class of shares	Proportion of nominal value of shares issued held by:		Registered office
		Company	Other group companies	
Adient Engineering and IP Gmbh	Ordinary	25%	75%	Industriestraße 20-30 51399 Burscheid, Germany
Adient US Enterprises LP	Ordinary	0.1%	99.9%	1209 Orange Street, Wilmington, Delaware 19801, New Castle, USA
Adient Luxembourg Holding S.a.r.L	Ordinary	100%	-	35F Avenue John F Kennedy L-1855 Luxembourg

The directors believe that the carrying value of the investments is supported by their underlying net assets.

12 Debtors

	2021 £ 000	2020 £ 000
Amounts owed by group undertakings	62	150
Other debtors	21	-
	<u>83</u>	<u>150</u>

As at 30 September 2021, the company has total unrecognised deferred tax assets of £14,900 (2020: £nil).

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

13 Creditors - amounts falling due within one year

	2021 £ 000	2020 £ 000
Amounts owed to group undertakings	-	21

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

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

14 Called up share capital

	2021 £ 000	2020 £ 000
Allotted and fully paid		
200 Ordinary shares of £0.01 each	-	-

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. The shares do not confer any rights of redemption.

15 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Adient Global Holdings Limited, a company registered in Jersey.

The ultimate parent undertaking and controlling party is Adient Plc, a company incorporated in Ireland. The consolidated financial statements at 30 September 2020 of Adient Plc are available from:

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

16 Commitments

On 6 May 2019, JP Morgan Chase Bank N.A and Bank of America N.A. (and their successors in title and permitted transferees) were granted a fixed and floating charge which covers all the property or undertaking of the company.

On 23 April 2020, US Bank National Association (and their successors in title and permitted transferees) were granted a fixed and floating charge which covers all the property or undertaking of the company.

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

On 23 April 2020, the company pledged its entire shareholding in Adient Luxembourg Holding S.à.r.l. as collateral for the Adient group revolving credit facility and a number of term loans from US Bank National Association.

On 9 June 2021, Bank of America NA were granted a fixed and floating charge which covers all the property or undertaking of the company.

On 1 September 2021, JP Morgan Chase Bank N.A. entered into a security confirmation in respect of the fixed and floating charge that was granted by the company on 6 May 2019.

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

17 Events since the balance sheet date

Following Russia's invasion of Ukraine in February 2022, Adient has been considering withdrawing from the Russian market.

Adient does not have significant presence in Russia and no presence in Ukraine. All government sanctions put in place towards Russia and Belarus were immediately implemented. The group's focus is on the safety of its employees and their families. The group is monitoring its regional operations to ensure that it continues to comply with applicable laws and regulations in the markets in which it operates in order to assess and mitigate the risks and potential impacts to supply chains and customers. The UK entities have limited business directly with the countries involved therefore the impact is foreseen to be limited.