Registered Number: 121385

Adient Global Holdings Ltd
Annual report and financial statements for the year ended 30 September 2019

Adient Global Holdings Ltd

Annual report and financial statements for the year ended 30 September 2019

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Adient Global Holdings Ltd

Directors’ report for the year ended 30 September 2019

The directors present their report and financial statements for the year ended 30 September 2019.

Principal activities
The statement of comprehensive income for the year is set out on page 7. The principal activity of the Company is that of a holding and financing Company for the Adient Plc group and its subsidiaries (“Adient”).

Adient is a global leader in the automotive seating supply industry with leading market positions in the Americas, Europe and China and maintains longstanding relationships with the largest global automotive original equipment manufacturers (OEMs). Adient's proprietary technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient is a global seat supplier with the capability to design, develop, engineer, manufacture, and deliver complete seat systems and components in every major automotive producing region in the world. Adient also participates in the automotive interiors market, which includes production of instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other automotive interior products.

Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient operates in 220 wholly- and majority-owned manufacturing or assembly facilities, with operations in 33 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America.

Adient's business model is focused on developing and maintaining long-term customer relationships, which allows Adient to successfully grow with leading global OEMs. Adient and its engineers work closely with customers as vehicle platforms are developed, which results in close ties with key decision makers at OEM customers.

Directors’ responsibilities statement
The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Jersey law and United Kingdom Accounting Standards, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 (Jersey) Law, 1991. 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.

So far as the directors are aware, there is no relevant audit information of which the Company’s auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

Adient Global Holdings Ltd

Directors' report for the year ended 30 September 2019 (cont'd)

Directors
The directors during the year and to the date of this report, unless otherwise stated, were as follows:

C Ebacher	(resigned 18 November 2019)
M Flanagan	
M Skonieczny	(resigned 4 October 2019)
D McMahon	(resigned 6 September 2019)
S Mielke	(resigned 18 November 2019)
M Hicks	(appointed 6 September 2019)
G Smith	(appointed 5 October 2019)
P Rotman II	(appointed 18 November 2019)
C Schmidt	(appointed 18 November 2019)

None of the directors hold any interest in the shares of the Company.

Results for the year
During the year the Company made a profit after tax of $664,844,000 (2018: loss of $321,135,000). This profit has been credited to reserves.

The Company is in a robust financial position with net assets of $4,347,739,000 (2018: $3,677,625,000).

Non-adjusting post balance sheet event
The impact of the novel strain of the coronavirus identified in late 2019 ("COVID-19") has grown throughout the world, including in all global and regional markets served by Adient. A detailed description of this, including the implications on the Company, can be found in note 18.

Dividends
In the current year no dividends were declared or paid (2018: nil).

Secretary
The secretary of the Company during the year ended 30 September 2019 and subsequently was IQ EQ Secretaries (Jersey) Ltd (formerly known as First Names Secretaries Limited).

Independent auditors
The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

Registered office
2nd Floor, Gaspe House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH.

On behalf of the board

M Flanagan
Director

5 June 2020

Adient Global Holdings Ltd

Independent auditors' report to the members of Adient Global Holdings Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Adient Global Holdings Ltd's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 September 2019; the Statement of comprehensive income, and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

- Overall materiality: $84,849,000 (2018: $90,868,000), based on 1% of Total Assets.

- A full scope audit of the Company was performed.

- Impairment of Investments
- Impact of COVID-19

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Independent auditors' report to the members of Adient Global Holdings Ltd (cont'd)

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment of Investments The Company owns Investments with a carrying value of $7.9bn in the Adient plc group. Under FRS 102, an impairment review is required when there is an indication of potential impairment. An impairment has been recorded in the Adient plc 30 September 2019 company financial statements. Adient plc is the ultimate parent undertaking of the Company. As such, management have considered whether this should give rise to an impairment of Investments held by this Company, being the intermediate holding Company of the trading entities within the Adient group. In conclusion an impairment of $747m has been posted in the year ended 30 September 2019 to reduce the carrying value of Investments to their estimated recoverable amounts. For the purposes of considering the post balance sheet event disclosure in note 18 in regard to the implications of COVID-19 on Adient Global Holdings Ltd, management have considered the results of the goodwill impairment review undertaken by Adient plc for the published quarter ended 31 March 2020 group financial results. There was no further impairment recorded at the Adient group level in the quarter financials. Consequently, the Directors of Adient Global Holdings Ltd have concluded there is no further impairment to the Investment value in the Company arising from the impact of COVID-19.	We have obtained management's impairment assessment for Investments at 30 September 2019 and have assessed the reasonableness of the methodology applied and performed an assessment of key assumptions including future cash flows, discount rates, growth rates (where applicable) and the underlying Investment net assets. We tested the integrity and mathematical accuracy of supporting calculations and have agreed key inputs to supporting evidence. Where applicable we performed sensitivity analysis over key assumptions included within the model to assess the impact of a deterioration in any of the key assumptions. Based on our audit procedures performed, we found the methodology and assumptions used in the 30 September 2019 impairment assessment to be reasonable and concur with the impairment recorded. We have obtained Group management's impairment assessment for Adient plc for the quarter ended 31 March 2020. We have checked that the impairment approach is consistent with that applied at the year end and reviewed the latest group forecasts used in the model. We have read the disclosures included in the financial statements including the post balance sheet event disclosure in Note 18, Critical accounting judgements and estimation uncertainty in Note 4 and Investments in Note 12 and found these to be reasonable.
Impact of COVID-19 The Adient group have experienced the shutdown of facilities in the American, European and Asian regions coinciding with the shutdown of customer facilities in those regions from March 2020. Management have taken precautionary action throughout the Adient group to respond to the short-term impact of the pandemic including implementing strict travel restrictions, enforcing rigorous hygiene protocols and implementing remote working arrangements for the vast majority of employees who work outside the plants. Management have disclosed that the impact of COVID-19 is a non-adjusting post balance sheet event for the year ended 30 September 2019. They have discussed the impact on the financial performance of the group and considered areas of specific implication such as Investment impairments, as disclosed in Note 18 (Non-adjusting post balance sheet event). In regard to Going Concern, the Company has received, and the Directors have relied upon a Letter of Support from the ultimate parent company, Adient plc, in concluding it is appropriate to prepare the financial statements on a going concern basis.	We have reviewed the disclosures made in respect of COVID-19 and are satisfied that they are sufficient and consistent with procedures performed. In particular, we considered the adequacy of the disclosures made in Note 18 (Non-adjusting post balance sheet event) and gathered sufficient appropriate audit evidence around the sufficiency of the disclosures made. We are satisfied that the disclosure of the impact of COVID-19 as a non-adjusting post balance sheet event is appropriate. We have considered the risk of potential future impairment to the underlying Investment value within the Company if the carrying values of the Investments are no longer supported by the Investments recoverable amount. Please refer to the Key Audit Matter, regarding "Impairment of Investments" for further details. We have considered the impact on the business', financial condition and longer-term financial or operational results being uncertain, specifically including Going Concern. We have assessed the basis for management to rely on the Letter of Support from Adient plc. In auditing this position we have obtained managements Going Concern paper from a group perspective which assessed the ability of the Adient group to continue as a Going Concern as at the Q2 reporting. In reviewing this we have understood the Groups current financial condition, conditional and unconditional obligations, funds necessary to maintain operations and other adverse conditions. In this, we have enquired of the potential impact of COVID-19 on the wider group and challenged key assumptions regarding forecast cashflows and liquidity within the group. We have assessed the reasonableness of sensitivities to downside performance scenarios modelled by group management and considered the ability of the group to distribute cash to the Company to meet its liabilities as they fall due. As part of this work we have noted that the Q2 consolidated financials for Adient plc published on 5 May 2020 have been presented on a Going Concern basis. We have gained an update on the performance and position of the group since this date to the date of signing the Company financial statements and any significant changes or events to the group since 5 May 2020 that could change the conclusion to that reached on the Q2 financials. We are comfortable that the facilities available at the group level are sufficient to support that there is not a material uncertainty for the group to continue as a going concern for the foreseeable future and therefore we have concluded it is reasonable for the directors of Adient Global Holdings Ltd to rely on the Letter of Support from Adient plc. We concur with the reasonableness of the Directors assessment to prepare the Company financial statements on a going concern basis.

Independent auditors' report to the members of Adient Global Holdings Ltd (cont'd)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	$84,849,000 (2018: $90,868,000).
How we determined it	1% of Total Assets.
Rationale for benchmark applied	The company is a holding company and therefore does not trade. As such total assets are deemed to be the appropriate benchmark amount as the entity is not profit-driven nor is their performance measured against this.

We agreed with the directors that we would report to them misstatements identified during our audit above $4,242,000 (2018: $4,540,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the members of Adient Global Holdings Ltd (cont'd)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Partner responsible for the audit

The engagement partner on the audit resulting in this independent auditors' report is Julian Gray.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company, or proper 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.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditors
Southampton
5 June 2020

Adient Global Holdings Ltd

Statement of comprehensive income for the year ended 30 September 2019

	Note	2019 $'000	2018 $'000
Administrative expenses		**(1,004)**	(351)
Income from Investments	**5**	**1,595,023**	237,489
(Loss)/profit on disposal of Investments	**6**	**(20,007)**	45,936
Impairment of Investments	**12**	**(747,092)**	(503,400)
Interest receivable and similar income	**7**	**91,856**	109,714
Interest payable and similar expenses	**8**	**(216,507)**	(206,658)
Other finance charges		**(19,099)**	(6,144)
Profit/(loss) before taxation	**10**	**683,170**	(323,414)
Tax on profit/(loss)	**11**	**(18,326)**	2,279
Profit/(loss) for the financial year and total comprehensive income/(expense)		**664,844**	(321,135)

All amounts relate to continuing operations.

Adient Global Holdings Ltd

Balance sheet as at 30 September 2019

	Note	2019 $'000	2018 $'000
Fixed assets			
Investments	**12**	**7,869,072**	7,372,427
		7,869,072	7,372,427
Current assets			
Debtors (including $921,431,687 (2018: $1,688,870,000 due after more than one year)	**13**	**948,851**	1,718,687
		948,851	1,718,687
Creditors – amounts falling due within one year	**14**	**(1,164,988)**	(1,131,558)
Net current (liabilities)/assets		**(216,137)**	587,129
Total assets less current liabilities		**7,652,935**	7,959,556
Creditors – amounts falling due after more than one year	**15**	**(3,305,196)**	(4,281,931)
Net assets		**4,347,739**	3,677,625
Capital and reserves			
Called up share capital	**16**	**-**	-
Share premium account		**6,617,811**	6,617,811
Other reserves		**11,545**	6,275
Accumulated losses		**(2,281,617)**	(2,946,461)
Total equity		**4,347,739**	3,677,625

The notes on pages 10 to 23 form an integral part of these financial statements.

The financial statements on pages 7 to 23 were approved by the Board of Directors on 5 June 2020 and were signed on its behalf by:

M Flanagan
Director
Adient Global Holdings Ltd
Registered number: 121385

Adient Global Holdings Ltd

Statement of changes in equity for the year ended 30 September 2019

	Called up share capital $'000	Share premium account $'000	Other reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 October 2017	-	6,617,452	-	(2,625,326)	3,992,126
Additional paid in capital	-	-	6,275	-	**6,275**
Currency translation adjustment	-	359	-	-	**359**
Loss for the financial year and total comprehensive expense	-	-	-	(321,135)	**(321,135)**
Balance at 30 September 2018 and 1 October 2018	**-**	**6,617,811**	**6,275**	**(2,946,461)**	**3,677,625**
Additional paid in capital	-	-	5,270	-	**5,270**
Profit for the financial year and total comprehensive income	-	-	-	664,844	**664,844**
Balance at 30 September 2019	**-**	**6,617,811**	**11,545**	**(2,281,617)**	**4,347,739**

Accumulated losses represent accumulated comprehensive income and expense for the year.

In September 2019, a cash capital contribution of $5,270,000 (2018: $6,275,000) was received from Adient Global Holdings Luxembourg S.a.r.l.

Adient Global Holdings Ltd

Notes to the financial statements for the year ended 30 September 2019

1 General information

Adient Global Holdings Ltd ("the Company") is a public Company limited by shares incorporated in Jersey and resident in the United Kingdom for tax purposes. The registered office is located at 2nd Floor, Gaspe House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH.

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 (Jersey) Law 1991.

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 as modified by the recognition of certain financial assets and liabilities measured at fair value. 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in these financial statements are disclosed in note 4.

Reduced disclosures
In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements on the basis that the information is provided in the consolidated financial statements of Adient Plc, which is registered in Ireland and which itself prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 17;

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;

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.

3 Summary of significant accounting policies (cont'd)

Group financial statements
The Company is not required to deliver consolidated financial statements. The Company 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 17.

Accordingly, consolidated financial statements have not been prepared and the financial information presented for the current year is for the Company's separate financial statements.

Going concern
These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet all its obligations as and when they fall due for the foreseeable future.

The Company meets its day to day working capital requirements through intercompany funding from the Adient plc group of companies. Whilst recent economic conditions have continued to create uncertainty over the level of demand for the Adient group's products, including those of the Company's Investments, as a holding company the potential impact of the COVID-19 outbreak on the Company's operations is minimal.

The Group has confirmed that it will support the Company if necessary.
With this support in place, covering the period at least until 04 June 2021, and after assessing and gaining comfort of the Group's ability to provide the support if required, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Functional and presentational currency
The currency of the primary economic environment in which the Company operates is the US dollar ($). These financial statements are also presented in US dollars.

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are expressed in US dollars at rates ruling at the balance sheet date. Income and expenditure denominated in foreign currencies has been translated into US dollar at the rates ruling at the time of the transaction. All differences on exchange are taken to the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

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 balance sheet date.

Tax deferred or accelerated as a result of timing differences between the treatment of certain items for taxation and for accounting purposes is provided in full. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred asset can be recovered in future periods.

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

3 Summary of significant accounting policies (cont'd)

Related party transactions
The Company discloses transactions with related parties which are not wholly owned within the same Group.

Investments
Investments are stated at cost plus incidental expenses less provisions for impairment in value. The Company reviews the carrying value of investments when there has been an indication of potential impairment. If it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the statement of comprehensive income. See note 4 for the details of current year estimates.

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

Financial instruments

Financial assets
Basic financial assets, including cash and cash equivalents 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 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.

Derivative financial instruments
Fair value is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for USD:EUR and EUR:USD.

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 are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital contributions
Capital contributions received by the Company are treated as an increase in equity.

Adient Global Holdings Ltd

Notes to the financial statements for the year ended 30 September 2019 (cont'd)

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Where an indication of impairment is identified, the recoverable amount is calculated. This is calculated as the higher of fair value less costs to sell and value in use. Where applicable, value in use is calculated using estimation of future cash flows from the underlying investment and selection of appropriate discount rates in order to calculate net present values of those cash flows.

If an Investment is impaired, the value is written down to the recoverable amount and the impairment loss is recognised in the Statement of comprehensive income. The current year assessment has resulted in an impairment loss of $747,092,000 over a number of individual investments. (2018: $503,400,000).

5 Income from Investments

	2019	2018
	$'000	$'000
Cash dividends received from Investments	**1,595,023**	237,489

In the current year, the Company received a dividend of MXN 8,387,654,074 ($416,914,569) from Adient Financing Ltd, $70,000,000 from Adient Financial Luxembourg S.à r.l, THB 720,598,032 ($21,912,000) from Adient & Summit Corporation Ltd., $600,000,000 from Adient Holding Ireland LLC, RSD 185,783,000 ($1,801,801) from Adient Seating d.o.o., $44,481,746 from Adient Holding International Ireland LLC, $3,601,931 from Adient Interiors Holding Luxembourg SCS, ZAR 58,000,000 ($4,340,375) from Adient Holding South Africa LLC, $159,860,000 from Adient Luxembourg Asia Holding S.a.r.l., $65,797,886 from Adient Ltd., $174,700,000 from Adient Luxembourg China Holding S.a.r.l., EUR 240,527 ($270,088) from Adient Innotec Metal Technologies s.r.o. and THB 1,038,622,380 ($31,342,338) from Adient (Thailand) Co., Ltd.

In the prior year, the Company received a dividend of MXN 161,693,000 ($8,473,188) from Adient Financing Ltd, $11,425,846 from Adient Mezőlak Korlátolt Felelősségű Társaság, $71,069,969 from Adient Financial Luxembourg S.à r.l, $14,240,135 from Adient & Summit Corporation Ltd.,TRY 19,605,243 ($4,765,231) from Diniz Adient Oto Donanim Ticaret ve Sanayi A.S., EUR 1,806,679 ($2,226,370) from Adient Seating d.o.o., $865,539 and EUR 1,938,120 ($2,270,499) from Trim Leader a.s., $47,172,712 from Adient Holding International Ireland LLC, $3,417,255 from Adient Holding Ireland LLC, RUB 688,235,294 ($11,097,616) from Adient International Joint Stock Company, $35,156,700 from Adient Ltd., GBP 7,771,000 ($10,118,621) from Adient Financing International Ltd and GBP 11,665,000 ($15,189,000) from Adient Properties UK Ltd.

6 (Loss)/profit on disposal of Investments

	2019 $'000	2018 $'000
(Loss)/profit on disposal of Investments	**(20,007)**	45,936

In the current year, the Company disposed of Adient Mexico Automotriz S. de R.L. de C.V. for $0.05 resulting in a loss on disposal of $10,635,000 and the Company disposed of Ensamble de Interiores Automotices Mexico S. de R.L. de C.V. for $86,636,000 resulting in a loss of $9,372,000.

In the prior year, the Company disposed of 100% of its investment in Michel Thierry Argentina SA for $922,128 to another group Company, resulting in a loss on disposal of $98,655 and the Company disposed of 100% of its investment in JP Foam Manufacturing sro for $8,040,151 to another group Company, resulting in a profit of $455,156 and the Company disposed of 100% of its investment in Adient Slovenj Gradec d.o.o. and transferred and contributed all the shares to Adient Financial Luxembourg S.a.r.l. in exchange for 1000 $1 shares and share premium of $75,899,000 resulting in a profit of $45,580,000.

7 Interest receivable and similar income

	2019 $'000	2018 $'000
Bank interest	**59**	1,934
Interest receivable from group undertakings	**63,095**	88,630
Total interest income on financial assets not measured at fair value through profit and loss	**63,154**	90,564
Gains on derivative financial instruments	**5,754**	3,202
Net foreign exchange gains on financing activity	**22,948**	15,948
Total interest receivable and similar income	**91,856**	109,714

8 Interest payable and similar expenses

	2019 $'000	2018 $'000
Bank interest	**30,601**	9,298
Interest payable to group undertakings	**67,780**	63,818
Interest on external debt (as disclosed in note 15)	**118,126**	133,542
Total interest payable and similar expenses	**216,507**	206,658

9 Directors and employees

The directors received no remuneration in respect of their services to the Company during the year (2018: nil) as their services as directors of the Company were incidental to their other services within the Adient Plc group of companies and a reasonable allocation of costs cannot be made. Directors' remuneration costs are borne by other members of the Adient Plc group of companies. The average monthly number of employees, excluding directors, is nil (2018: nil).

Adient Global Holdings Ltd

Notes to the financial statements for the year ended 30 September 2019 (cont’d)

10 Profit/(loss) before taxation

	2019 $’000	2018 $’000
Profit/(loss) before taxation is stated after charging		
Auditors’ remuneration		
- audit services for the Company	**43**	25

The amount paid to the Company’s auditors for non-audit fees during the year was $nil (2018: $nil)

All material items in arriving to Profit/(loss) before taxation are disclosed in the Statement of comprehensive income.

11 Tax on profit/(loss)

	2019 $’000	2018 $’000
Current tax		
Withholding tax	**5,448**	3,861
Total current tax	**5,448**	3,861
Deferred tax		
Origination and reversal of timing differences	**-**	(5,199)
Adjustment to derecognise deferred tax asset	**13,019**	-
Prior year adjustment	**(141)**	(941)
Total deferred tax	**12,878**	(6,140)
Total tax on profit/(loss)	**18,326**	(2,279)

Adient Global Holdings Ltd

Notes to the financial statements for the year ended 30 September 2019 (cont'd)

11 Tax on profit/(loss) (cont'd)

Factors affecting the tax charge/(credit) for the year
The Company is a resident in the UK for tax purposes. The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: standard rate of 19%) for the year ended 30 September 2019. The differences are explained below:

	2019 $'000	2018 $'000
Profit/(loss) before taxation	**683,170**	(323,414)
Profit/(loss) multiplied by standard rate of corporation tax of 19% (2018: standard rate of 19%)	**129,802**	(61,449)
Effects of:		
Expenses not deductible for tax purposes	**3,862**	78
Impairment of Investments	**141,947**	95,646
Income not subject to tax	**(307,551)**	(57,001)
Group relief surrendered for nil consideration	**18,298**	16,915
Foreign branch income	**31**	-
Withholding tax	**5,448**	3,861
Adjustment to tax charge in respect of previous periods	**(141)**	(941)
Adjustment to tax charge in respect of previous periods – deferred tax not recognised	**13,019**	-
Deferred tax not recognised	**12,179**	-
Differences in tax rates between current tax and deferred tax on timing differences	**1,432**	612
Total tax charge/(credit)	**18,326**	(2,279)

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Adient Global Holdings Ltd

Notes to the financial statements for the year ended 30 September 2019 (cont'd)

12 Investments

	2019 $'000
As at 1 October 2018	7,372,427
Additions	1,350,380
Impairment	(747,092)
Disposals (see note 6)	(106,643)
At 30 September 2019	**7,869,072**

The directors have assessed the carrying value of the investments held by the Company. They believe it appropriate to impair the investments by $747,092,000 (2018: $503,400,000) to reflect a change in market conditions.

13 Debtors

	2019 $'000	2018 $'000
Amounts owed by group undertakings (including $921,431,687 (2018: $1,675,992,000) due after more than one year)	**935,040**	1,692,480
Other debtors	**1,280**	98
Derivative financial instrument	**12,531**	13,231
Deferred tax asset falling due after more than one year	**-**	12,878
	948,851	1,718,687

Amounts owed by group undertakings include the following: loans of $33,331,687, $10,300,000 and $3,000,000 (2018: $33,331,687, $10,300,000 and $3,000,000) all maturing on 1 October 2020 bearing an interest rate of 10.000%; an 800,000,000 Euro loan translated to $874,800,000 (2018: $929,360,000) maturing on 8 December 2024 bearing an interest rate of 3.500%. Interest on the loans is compounded and payable annually. As at 30 September 2019 $10,972,000 was outstanding (2018: $11,911,000). In addition to the aforementioned loans a cash pool balance of $2,636,000 (2018: $2,636,000) remained outstanding.

During the year the following loans were repaid: a loan of $100,000,000 originally maturing on 3 February 2027 bearing an interest rate of 5.375% (2018: $100,000,000); a loan of $200,000,000 (2018: $200,000,000) originally maturing on 27 October 2023 bearing an interest rate of 5.125% and a loan of $400,000,000 (2018: $400,000,000) originally maturing on 27 October 2026 bearing an interest rate of 5.500%.

All amounts owed from group undertakings in the current year and prior year are unsecured.

The derivative financial instrument represents the fair value gains on a cross-currency interest rate swap of $200,000,000 translated at an exchange rate of 1.2408 USD to Euro, and at a margin of 0.29775% entered into on 3 September 2018 and maturing on 3 September 2020.

13 Debtors (cont'd)

The deferred tax asset consists of the following amounts:

	2019	2018
	$'000	$'000
Excess interest deductions carried forward	**-**	8,452
Tax losses carried forward	**-**	4,426
Total deferred tax asset	**-**	12,878

During the year, the deferred tax asset of $12,878,000 in the prior year was de-recognised and written off to the income statement.

As at 30 September 2019, the Company has total unrecognized deferred tax assets of $25,198,000 (2018: nil) due to the lack of future taxable income forecast.

14 Creditors – amounts falling due within one year

	2019	2018
	$'000	$'000
Amounts owed to group undertakings	**120,183**	459,915
Accrued interest payable	**10,172**	11,726
Other creditors	**28**	12
Bank overdraft	**1,034,605**	659,905
	1,164,988	1,131,558

Amounts owed to group undertakings include a loan of $99,376,000 (2018: $99,376,000), which was repayable in June 2019, but has a facility to continue to roll over 6 monthly until the final maturity date of June 2023 bearing an interest rate of 2M Libor+1.75%. Interest on the loans is compounded and payable annually. Also included in amounts owed to group undertakings is loan interest of $20,807,000 (2018: $20,414,000) payable on the aforementioned loans and the two intercompany loans disclosed in note 15.

In the prior year, amounts owed to group undertakings include a loan of $340,125,000 which upon maturity in June 2019 was partially repaid and then extended to June 2021 bearing an interest rate of 4.92%. The balance remaining of $ 280,124,000 is disclosed in note 15.

Accrued interest payable represents loan interest on the external debt disclosed in note 15.

The bank overdraft is charged at LIBOR plus 70bps rate and is secured by way of a guarantee from the ultimate parent company, Adient Plc.

All other amounts are unsecured, interest free and repayable on demand.

Adient Global Holdings Ltd

Notes to the financial statements for the year ended 30 September 2019 (cont'd)

15 Creditors – amounts falling due after more than one year

	2019	2018
	$'000	$'000
Term Loan A - LIBOR plus 1.75% due in 2021	**-**	1,200,000
4.875% Loan notes due in 2026	**900,000**	900,000
3.50% Loan notes due in 2024	**1,093,500**	1,161,700
Unamortised bond issuance costs	**(20,909)**	(32,249)
Amounts owed to group undertakings	**1,332,605**	1,052,480
	3,305,196	4,281,931

On July 27, 2016, the Company entered into a credit agreement providing for commitments with respect to a $1,500,000,000 revolving credit facility (undrawn at September 30, 2018) and a $1,500,000,000 Term Loan A facility (the "Original Credit Facilities"). The Original Credit Facilities were to mature in July 2021. Until the Term Loan A facility maturity date, amortization of the funded Term Loan A was required in an amount per quarter equal to 1.25% of the original principal amount prior to July 27, 2019 and 2.5% in each quarter thereafter prior to final maturity. The Original Credit Facilities contained covenants that included, among other things and subject to certain significant exceptions, restrictions on the Adient group's ability to declare or pay dividends, make certain payments in respect of the notes, create liens, incur additional indebtedness, make investments, engage in transactions with affiliates, enter into agreements restricting subsidiaries' ability to pay dividends, dispose of assets and merge or consolidate with any other person. The Term Loan A facility also required mandatory prepayments in connection with certain non-ordinary course asset sales and insurance recovery and condemnation events, among other things, and subject in each case to certain significant exceptions.

On November 6, 2018, the Company entered into an amendment to the Original Credit Facilities ("First Amended Credit Facilities") whereby the financial maintenance covenant was amended to require the Adient group to maintain a total net leverage ratio equal to or less than 4.5x adjusted EBITDA (previously 3.5x adjusted EBITDA), with step down provisions starting in the quarter ending December 31, 2020. The amendment also expanded the upper range of interest rate margins such that the drawn portion of the First Amended Credit Facilities would bear interest based on LIBOR plus a margin between 1.25% -2.50% (previously 1.25% - 2.25%), based on Adient's total net leverage ratio. No other terms were impacted by the first amendment.

On February 6, 2019, the Company entered into an amendment to the First Amended Credit Facilities ("Second Amended Credit Facilities") whereby the financial maintenance covenant contained in the First Amended Credit Facilities was amended to require the Adient group to maintain a first lien secured net leverage ratio equal to or less than 2.5x adjusted EBITDA as of the last day of each quarter, with step down provisions starting on September 30, 2020. The amendment also added a new tier to the pricing schedule that will be applicable when the total net leverage ratio exceeds 4.0x adjusted EBITDA and amended certain other definitions, negative covenants and other terms within the credit facility.

The full amount of the Term Loan A facility was drawn in the fourth quarter of fiscal 2016. These funds were transferred to the former Parent at the time of the draw. In February 2017, the Company repaid $100 million of the Term Loan A facility. In May 2017, the Company repaid another $200,000,000 of the Term Loan A facility. The total amount repaid was treated as a prepayment of the quarterly mandatory principle amortization for the period between March 2017 and June 2020 resulting in no required principal payment until June 2020.

15 Creditors – amounts falling due after more than one year (cont'd)

The Company was required to pay a commitment fee on the unused portion of the commitments under the revolving credit facility based on the total net leverage ratio of the Adient group, ranging from 0.15% to 0.45%.

On May 6, 2019 (the "Refinancing Date"), Adient US LLC ("Adient US"), a wholly owned subsidiary of the Company, together with certain other subsidiaries, entered into a new asset-based revolving credit facility (the "ABL Credit Facility"), which provides for a revolving line of credit up to $1,250,000,000, including a North American sub facility of up to $950,000,000 and a European sub facility of up to $300,000,000, subject to borrowing base capacity. The ABL Credit Facility will mature on May 6, 2024, subject to a springing maturity date 91 days earlier if certain amounts remain outstanding at that time under the Term Loan B Agreement (defined below). Interest is payable on the ABL Credit Facility at a fluctuating rate of interest determined by reference to the Eurodollar rate plus an applicable margin of 1.50% to 2.00%. The Company will pay a commitment fee of 0.25% to 0.375% on the unused portion of the commitments under the asset-based revolving credit facility based on average global availability. Letters of credit are limited to the lesser of (x) $150,000,000 and (y) the aggregate unused amount of commitments under the ABL Credit Facility then in effect. Subject to certain conditions, the ABL Credit Facility may be expanded by up to $250,000,000 in additional commitments. Loans under the ABL Credit Facility may be denominated, at the option of the Company, in U.S. dollars, Euros, Pounds Sterling or Swedish Kroner. The ABL Credit Agreement is secured on a first-priority lien on all accounts receivable, inventory and bank accounts (and funds on deposit therein) and a second-priority lien on all of the tangible and intangible assets of certain Adient subsidiaries. As of September 30, 2019, the Adient group's availability under this facility was $983,000,000.

In addition, Adient US and Adient Global Holdings S.à r.l., entered into a new term loan credit agreement (the "Term Loan B Agreement") on the Refinancing Date providing for a 5-year $800,000,000 senior secured term loan facility that was fully drawn on closing. The Term Loan B Agreement amortizes in equal quarterly installments at a rate of 1.00% per annum of the original principal amount thereof, with the remaining balance due at final maturity on May 6, 2024. Interest on the Term Loan B Agreement accrues at the Eurodollar rate plus an applicable margin equal to 4.25% (with one 0.25% step down based on achievement of a specific secured net leverage level starting with the fiscal quarter ending December 31, 2019). The Term Loan B Agreement also permits Adient to incur incremental term loans in an aggregate amount not to exceed the greater of $750,000,000 and an unlimited amount subject to a pro forma first lien secured net leverage ratio of not greater than 1.75 to 1.00 and certain other conditions.

Finally, on the Refinancing Date, Adient US entered into an indenture relating to the issuance of $800,000,000 aggregate principal amount of Senior First Lien Notes (the "Notes"). The Notes mature on May 15, 2026 and bear interest at a rate of 7.00% per annum. Interest on the Notes is payable semi-annually in arrears on November 15 and May 15 of each year, commencing on November 15, 2019.

The proceeds from the transactions described above were used to repay the outstanding indebtedness and terminate commitments under the Company's former credit agreement, which was scheduled to mature in July 2021. In addition, certain proceeds were used (i) to pay related premiums, fees and expenses in connection with the refinancing and entering into and funding of the new credit facilities and (ii) for working capital and other general corporate purposes.

Notes to the financial statements for the year ended 30 September 2019 (cont'd)

15 Creditors – amounts falling due after more than one year (cont'd)

On August 19, 2016, the Company issued $900,000,000 aggregate principal amount of 4.875% USD-denominated unsecured notes due 2026 and €1,100,000,000 ($1,093,000,000) aggregate principal amount of 3.50% unsecured notes due 2024.

Bond issuance costs are amortised over the term of the loans to which they relate, being periods of 5 to 10 years.

Amounts owed to group undertakings include the following unsecured loans: Loans of $200,000,000 (2018: $200,000,000) and $852,480,398 (2018: $852,480,398) both maturing in December 2026 and both bearing an interest rate of 4.875% and a loan of $ 280,124,000 (2018: due under one year as disclosed in note 14: $340,125,000) maturing in June 2021 and bearing an interest rate of 4.92%.

16 Called up share capital and other reserves

Allotted and fully paid	Number of shares	Total $'000
Ordinary shares of £0.01 each at 1 October 2018 and 30 September 2019	**11,947**	**-**

Dividends paid	2019 $'000	2018 $'000
Cash dividend	**-**	-
Dividend in specie	**-**	-
	-	-

In September 2018, a cash capital contribution of $6,275,438 was received from Adient Global Holdings Luxembourg S.a.r.l. In September 2019, a further cash contribution of $5,270,000 was received. This is reflected in other reserves in the Statement of changes in equity.

17 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Adient Global Holdings Luxembourg S.a.r.l., a Company incorporated in Luxembourg.

As at 30 September 2019, the ultimate parent undertaking and controlling party was Adient Plc, a Company incorporated in Ireland. Adient Plc was the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 September 2019. The consolidated financial statements of Adient Plc are available from:

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

18 Non-adjusting post balance sheet event

The impact of the novel strain of the coronavirus identified in late 2019 ("COVID-19") has grown throughout the world, including in all global and regional markets served by the Adient group. Governmental authorities have implemented 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.

Beginning in late March 2020, the Adient group experienced the shutdown of effectively all facilities in the Americas and European regions coinciding with the shutdown of customer facilities in those regions. The Adient group also experienced the shutdown of approximately 50% of plants in Asia (outside China) during late March 2020 and early April 2020. The resumption of production in all of these regions is dependent on customers resuming operations. Until a resumption of production can occur, it is anticipated that customers will not be operating.

It is also likely that the global automotive industry will experience significantly lower demand for new vehicle sales as a result of the global economic slowdown caused by the COVID-19 pandemic because new vehicle sales are highly dependent on strong consumer confidence and low unemployment. Until consumers regain confidence in the markets and unemployment returns to lower levels, new vehicle sales will likely be significantly lower than historical and previously projected sales levels.

Adient have been actively monitoring the global outbreak and spread of COVID-19 and taking steps to mitigate the potential risks posed by its spread and related circumstances and impacts. Adient continue to assess and update our business continuity plans in the context of this pandemic. We have taken precautions to help keep the workforce healthy and safe, including establishing a Global Response Team, implementing strict travel restrictions, enforcing rigorous hygiene protocols, increasing sanitisation efforts at all facilities and implementing remote working arrangements for the vast majority of employees who work outside the plants.

In addition to the significant measures taken to reduce and contain costs, Adient has taken recent action to provide additional liquidity, primarily including the draw down on its ABL revolving credit facility of $825 million at the end of March 2020. As of April 2020, the drawn amount decreased to $688 million and $154 million remains available.

18 Non-adjusting post balance sheet event (cont'd)

The spread of COVID-19 and the measures taken to restrain the spread of the virus have had, and will continue to have, a material negative impact on the Adient group's financial results and liquidity, and such negative impact may continue well beyond the containment of such outbreak. Consequently, the impact on our business, financial condition or longer-term financial or operational results are uncertain. This poses a risk of impairment to the underlying Investment value within the Company if the carrying value of the Investments are no longer supported by the Investments recoverable amount.

Due to the COVID-19 pandemic and the significant interruption it has caused to Adient's operations, Adient tested goodwill for impairment for each of its reporting units for the quarter ended March 2020 using a fair value method based on management's judgments and assumptions regarding future cash flows. The financial projections considered the impact that COVID-19 is having on Adient's current and future operations as well as the impact to new vehicle sales in future years. As a result of the test, there was no goodwill impairment recorded during the quarter ended March 2020. Consequently, this has led the Directors to conclude there is currently no further impairment to the Investments in Adient Global Holdings Ltd which is the intermediate holding company within the Adient group.

A change in any of these estimates and assumptions, especially as it relates to the extent of the COVID-19 pandemic's impacts on vehicle production volumes within the automotive industry as well as the demand for new vehicle sales once the current operational interruptions are over, could produce significantly lower fair values of Adient's reporting units, which could have a material impact on its results of operations and materially change the recoverable amount of the investments in Adient Global Holdings Ltd.