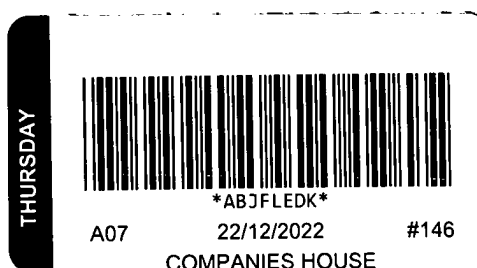


Company registration number 10867696 (England and Wales)

BORGWARNER UK MANAGEMENT LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



BORGWARNER UK MANAGEMENT LTD

COMPANY INFORMATION

Directors	C Aaron P Seshadri (Appointed 2 May 2022)
Secretary	Pinsent Masons Secretarial Limited
Company number	10867696
Registered office	1 Park Row Leeds LS1 5AB
Auditor	Hazlewoods LLP Staverton Court Cheltenham Gloucestershire United Kingdom GL51 0UX
Bankers	Citibank N.A. Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB
Solicitors	Pinsent Masons LLP 1 Park Row Leeds LS1 5AB

BORGWARNER UK MANAGEMENT LTD

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BORGWARNER UK MANAGEMENT LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Effective 27 April 2021 the Company name changed from Delphi Powertrain Systems Management Limited to BorgWarner UK Management Limited.

Fair review of the business

Results and dividends

The report and audited financial statements of the company are for the year ended 31 December 2021.

The loss for the year, after taxation, was £1.4m (2020: loss of £25.1m).

During the year no dividends have been paid or are proposed (2020: £nil).

Principal activities and review of the business

BorgWarner UK Management limited (the "Company") is a wholly owned subsidiary of BorgWarner Inc. (the "Parent").

The Company was set up as a management service entity to provide stewardship and management services to the Delphi PLC Group globally. Stewardship is provided to the shareholders of the Group and covers central head office cost including services performed for shareholders of the PLC and to the benefit of the PLC to enable it to perform its legal and regulatory requirements. Management services are provided for the benefit of other members of the Group. As a minor activity the Company owns land and buildings in Germany for which it receives a rental income from BorgWarner Deutschland GmbH.

	2021	2020	Change
	£000's	£000's	%
Turnover	3,237	15,718	(79)%
Profit/(Loss) on ordinary activities before taxation	(1,054)	(25,517)	(96)%
Average number of employees	4	40	(90)%

The loss is driven by:

Interest payable on its intercompany loan which was used to acquire the sole investment in Delphi Korea LLC;
Impairment on real estate held in Germany; and Impairment of the investment held in Korea.

BORGWARNER UK MANAGEMENT LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Future prospects

Since the acquisition of Delphi Technologies PLC by BorgWarner Inc, the executive management function of the London HQ has transferred to the BorgWarner HQ (USA) and consequently the company is now an intermediate parent company. The net liabilities of the company are being supported by its immediate parent company who have provided assurance that it will not call in its debt unless the company has the ability to pay. The financial statements have therefore been prepared on a going concern basis.

The Parent, together with its subsidiaries and affiliates (collectively, the "BorgWarner Group") is a leader in the development, design and manufacture of vehicle propulsion systems that optimize engine performance, increase vehicle efficiency, reduce emissions, improve driving performance, and support increasing electrification of vehicles.

Principal risks and uncertainties

Financial risk management

The Company does not use derivatives to manage its financial risk. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business, and the assets and liabilities contained within the Company's balance sheet, the only financial risks that directors consider relevant to this Company are credit risk and currency risk. Credit risk is mitigated by the Company's credit control policies.

Currency risk management

The Company is exposed to a level of currency risk, due to some billing in Euros and US Dollars. Currency risk for the Group is managed by the central treasury function of the BorgWarner group on a portfolio basis across all of its subsidiaries and mainly through cash pooling.

Other uncertainties

The Company holds an investment in Delphi Korea LLC. Delphi Korea LLC manufactures and markets automotive components, such as seatbelt, airbags, and steering wheels as well as acting as a technical center, providing research and development services to other Group companies. At the date of signing this report, certain revenue streams no longer flow through Korea, thus the investment has been fully impaired.

Corporate governance

The directors recognize the benefits and importance of good governance. Section 172 of the Companies Act 2006 requires directors to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of all stakeholders.

Employees

The directors recognize the important role that employees play in the success of the business. The Company makes a conscious effort to involve its employees in decision making. The Company regularly informs its staff with Companywide communications including communications from the Board. A substantial number of our employees and the employees of our largest customers and suppliers are members of Industrial trade unions or work councils and are employed under the terms of various labour agreements. The Company coordinates with these groups for the benefit of employees.

Social responsibility

The Company is positioned well to support customers with their electrification journey. The Company embraces the macro trend of leaning towards low emission and sustainable solutions across its product range.

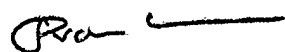
BORGWARNER UK MANAGEMENT LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

DocuSigned by:



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P Seshadri

Director

Date: 12/16/2022.....

BORGWARNER UK MANAGEMENT LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of activities of other holding companies, providing stewardship and management services to the Delphi Technologies Group prior to the acquisition in 2020 by BorgWarner Inc.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The directors believe that it is appropriate for the financial statements to be prepared on the going concern basis having received a letter of support from the parent undertaking, BorgWarner Jersey Ltd, which indicates that it will provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

W Allen	(Resigned 31 August 2022)
C Aaron	
P Seshadri	(Appointed 2 May 2022)

None of the directors had any interests in any shares of the Company. No director was or is materially interested in any contract subsisting during, or at the end of the accounting period.

Auditor

The auditor, Házlewoods LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

BORGWARNER UK MANAGEMENT LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

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). 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

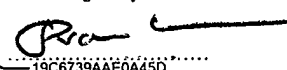
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

DocuSigned by:



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P Seshadri

Director

Date: 12/16/2022

BORGWARNER UK MANAGEMENT LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BORGWARNER UK MANAGEMENT LTD

Opinion

We have audited the financial statements of BorgWarner UK Management Ltd (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. 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).

In our opinion the financial statements:

- 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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, 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.

Opinions on other matters prescribed by the Companies Act 2006

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

BORGWARNER UK MANAGEMENT LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BORGWARNER UK MANAGEMENT LTD

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of the legal and regulatory frameworks applicable to the company's financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included United Kingdom Generally Accepted Accounting Practice, UK Companies Act 2006 and taxation laws;
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of the management and those responsible for legal and compliance procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - identifying and testing journal entries, in particular any journal entries with unusual characteristics.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BORGWARNER UK MANAGEMENT LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BORGWARNER UK MANAGEMENT LTD

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.



Scott Lawrence (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP

Date: 19/12/2022

Chartered Accountants
Statutory Auditor

Staverton Court
Cheltenham
Gloucestershire
United Kingdom
GL51 0UX

BORGWARNER UK MANAGEMENT LTD**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2021**

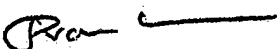
	Notes	2021 £000's	2020 £000's
Revenue	2	3,237	15,718
Cost of sales		(2,419)	(8,688)
Gross profit		818	7,030
Administrative expenses		(71)	(3,409)
Other operating income	2	291	248
Restructuring expenses	3	-	(20,016)
Impairment of investments	7	-	(5,857)
Operating profit/(loss)		1,038	(22,004)
Finance costs	4	(713)	(635)
Impairment of fixed assets	5	(645)	(1,215)
(Loss) on sale of fixed assets		-	(328)
Onerous lease provision	13	(734)	(1,335)
Loss before taxation		(1,054)	(25,517)
Tax on loss	6	(310)	382
Loss for the financial year		(1,364)	(25,135)

BORGWARNER UK MANAGEMENT LTD**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £000's	2020 £000's	2020 £000's
Current assets				
Assets held for sale		1,420	2,064	
Trade and other receivables	10	5,581	10,574	
		<u>7,001</u>	<u>12,638</u>	
Current liabilities	11	(58,590)	(62,778)	
Net current liabilities			(51,589)	(50,140)
Provisions for liabilities				
Provisions	12	1,250	1,335	
		<u>(1,250)</u>	<u>(1,335)</u>	
Net liabilities			(52,839)	(51,475)
Equity				
Called up share capital	15	4,000	4,000	
Retained earnings		(56,839)	(55,475)	
Total equity			(52,839)	(51,475)

The financial statements were approved by the board of directors and authorised for issue on 12/16/2022 and are signed on its behalf by:

DocuSigned by:



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P Seshadri

Director

Company Registration No. 10867696

BORGWARNER UK MANAGEMENT LTD**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital £000's	Retained earnings £000's	Total £000's
Balance at 1 January 2020	4,000	(30,340)	(26,340)
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(25,135)	(25,135)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	4,000	(55,475)	(51,475)
Year ended 31 December 2021:			
Loss and total comprehensive income for the year	-	(1,364)	(1,364)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	<u>4,000</u>	<u>(56,839)</u>	<u>(52,839)</u>

BORGWARNER UK MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

BorgWarner UK Management Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 1 Park Row, Leeds, LS1 5AB. The principal place of business is One Angel Court, London, EC2R 7BH, England.

Effective 27 April 2021 the Company name changed from Delphi Powertrain Systems Management Limited to BorgWarner UK Management Limited.

The Company was set up as a management service entity to provide stewardship and management services to the Delphi Technologies Group prior to the acquisition in 2020 by BorgWarner Inc. Stewardship was provided to the shareholders of the Group and covered central head office costs including C-Suite and Executive services. Management services were provided for the benefit of the businesses in the Group. Due to the acquisition of Delphi Technologies PLC by BorgWarner Inc. In 2020, It is expected that after transferring its trade and assets to BorgWarner. BorgWarner UK Management Limited will wind up.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of BorgWarner Inc. These consolidated financial statements are available from the Securities and Exchange Commission in the U.S.

1.2 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The directors believe that it is appropriate for the financial statements to be prepared on the going concern basis having received a letter of support from the parent undertaking, BorgWarner Jersey Ltd, which indicates that it will provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

BORGWARNER UK MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Revenue

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Rendering of Services: Revenues from rendering services are recognised when services are completed.

Rental Income: Rental income from operating leases is recognised on a straight-line basis over the lease term.

Interest Income: Revenue is recognised as interest accrues using the effective interest method.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

BORGWARNER UK MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.7 Provisions

Provisions are recognised when the company has a legal or constructive present obligation 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 reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

BORGWARNER UK MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.10 Share-based payments

Until the previous year, the Company had share based payments arrangements with employees in the form of restricted stock units (RSU's). Due to the acquisition of Delphi Technologies PLC by BorgWarner Inc. in 2020, no further share based payments have been made since then, and therefore no share based payment transactions undertaken during the year ended 31 December 2021.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Revenue

	2021 £000's	2020 £000's
Revenue analysed by geographical market		
Europe	3,237	15,718
	<u> </u>	<u> </u>
	2021 £000's	2020 £000's
Other operating income	294	248
	<u> </u>	<u> </u>

Within other operating income £241k (2020: £248k) was derived from rental income earned on land and buildings which the Company owned in Germany. The rental income is receivable from BorgWarner Deutschland GmbH. This building is due to be sold and is classified as held for sale.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Administration	4	40
	<u> </u>	<u> </u>

BORGWARNER UK MANAGEMENT LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**3 Employees (Continued)**

Their aggregate remuneration comprised:

	2021 £000's	2020 £000's
Wages and salaries	1,580	6,555
Social security costs	113	807
Pension costs	42	425
Restructuring costs	-	20,016
	<u>1,735</u>	<u>27,803</u>

In the year ended 31 December 2021 £NIL (2020 - £18.6 million) of the above staff costs related to exceptional severance payments connected to the acquisition of Delphi PLC by BorgWarner Inc. £NIL (2020 - £1.4 million) in Employers social security was also paid. The costs relate primarily to C-Suite executives who received various pay-out's & stock awards arising on the completion date.

All costs to directors of the Company are borne by fellow group undertakings. Due to the nature of the directors' role in both the company and the wider group, the directors are of the opinion that it is not reasonably practicable to allocate their remuneration pertaining to BorgWarner UK Management Limited.

4 Finance costs

	2021 £000's	2020 £000's
Interest payable to group undertakings	713	635
	<u>713</u>	<u>635</u>

5 Other gains and losses

	2021 £000's	2020 £000's
Impairment of Assets Held for Sale	(645)	(1,215)
	<u>(645)</u>	<u>(1,215)</u>

6 Taxation

	2021 £000's	2020 £000's
Current tax		
UK corporation tax on profits for the current period	-	(103)
	<u>-</u>	<u>(103)</u>
Deferred tax		
Origination and reversal of timing differences	310	(279)
	<u>310</u>	<u>(279)</u>
Total tax charge/(credit)	<u>310</u>	<u>(382)</u>

BORGWARNER UK MANAGEMENT LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****6 Taxation****(Continued)**

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£000's	£000's
Loss before taxation	(1,054)	(25,517)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(200)	(4,848)
Tax effect of expenses that are not deductible in determining taxable profit	-	2,058
Effect of change in corporation tax rate	15	-
Group relief	128	2,507
Effect of overseas tax rates	-	(103)
Fixed asset timing differences not recognised	244	4
Permanent differences	123	-
Taxation charge/(credit) for the year	310	(382)

Expenses not deductible for tax in the previous year ended 31 December 2020 are primarily:

- stewardship cost incurred on behalf of Delphi Technologies PLC for which the Company is compensated through capital injections by the PLC; and
- impairment on its investment in Delphi Korea LLC of which it is the sole investor.

Income subject to non UK Corporation tax is rental income on land and property owned in Germany and therefore subject to German corporation tax at 15.825%.

BORGWARNER UK MANAGEMENT LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**7 Fixed asset investments**

	Investments in subsidiary undertakings £000's
Cost or valuation	
At 1 January 2021 & 31 December 2021	24,434
Impairment	
At 1 January 2021 & 31 December 2021	24,434
Carrying amount	
At 31 December 2021	-
At 31 December 2020	-

Delphi Korea LLC historically had two income streams:

1. Supplies engineering services to the Delphi Group in Asia on which it earns a mark up on the cost it rebills, and;
2. Distributor of Delphi Aftermarket products to the Korean and other local markets on which it earns a distributor margin on the re-sale of the products.

To simplify the Group's global product flows, from 2020 Delphi Korea's activities as a distributor have been significantly reduced. BorgWarner UK have deemed the investment to be fully impaired. An impairment charge was recorded through profit and loss in 2020.

8 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Delphi Korea LLC	Republic of Korea	Ordinary	100.00

9 Assets and liabilities classified as held for sale

	2021 £000's	2020 £000's
Brought forward	2,064	-
Assets held for sale - movement	-	3,279
Impairment in the year	(644)	(1,215)
Total assets classified as held for sale	1,420	2,064

Land and Buildings owned in Flechtorf Germany was reclassified as held for sale in 2020. The land and buildings have been impaired accordingly. Fixtures and fittings held at Angel Court offices was classified as held for sale & impaired to realizable value.

BORGWARNER UK MANAGEMENT LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****10 Trade and other receivables**

	2021	2020
	£000's	£000's
Amounts falling due within one year:		
Amounts owed by group undertakings	5,543	10,004
Other receivables	38	31
Prepayments and accrued income	-	229
	<u>5,581</u>	<u>10,264</u>
	<u>5,581</u>	<u>10,264</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 13)	-	310
	<u>-</u>	<u>310</u>
Total debtors	<u>5,581</u>	<u>10,574</u>

£4.6m (2020: £0.1m) included in the Amounts due from group undertakings represents cash balances held in a group treasury function that are readily accessible by the Company.

£0.9m (2020: £6.7m) included in the Accounts due from group undertakings represents trade balances with other Group Companies. Payment terms are 60 days from date of invoice.

11 Current liabilities

	2021	2020
	£000's	£000's
Trade payables	-	564
Amounts owed to group undertakings	58,469	61,085
Taxation and social security	-	110
Other payables	53	-
Accruals and deferred income	68	1,019
	<u>58,590</u>	<u>62,778</u>
	<u>58,590</u>	<u>62,778</u>

£1m (2020: £7.2m) included in the Amounts owed to group undertakings represents trade balances with other Group Companies.

The Amounts owed to group undertakings include £57.4m (2020: £53.8m) relating to an intercompany loan facility from Borgwarner Technologies Ltd. Interest is accruing on this facility at LIBOR + 2.1% with a maximum drawdown of £40m. This is a 3-month rolling loan and is therefore included in creditors falling due within one year.

BORGWARNER UK MANAGEMENT LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**12 Provisions for liabilities**

	2021	2020
	£000's	£000's
	1,250	1,335
	<u> </u>	<u> </u>
Movements on provisions:		
		£000's
At 1 January 2021		1,335
Additional provisions in the year		734
Utilisation of provision		(819)
		<u> </u>
At 31 December 2021		1,250
		<u> </u>

A provision has been made for outstanding exit costs of the Angel Court office in London (UK). The break clause was invoked and the lease surrendered in January 2022.

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets	Assets
	2021	2020
	£000's	£000's
Balances:		
Fixed assets timing difference	-	310
	<u> </u>	<u> </u>
Movements in the year:		2021
		£000's
Asset at 1 January 2021		(310)
Charge to profit or loss		310
		<u> </u>
Liability at 31 December 2021		-
		<u> </u>

Factors that may affect future tax charges

Deferred tax items above have been calculated at a rate of 19%. Management expect that all timing differences will unwind before the new enacted rate of 25% becomes effective on 1 April 2023.

14 Retirement benefit schemes

The Company operates a defined contribution pension scheme. There were outstanding contributions of £nil at the year end (2020: £nil). The expense for the year was £41,376 (2020: £424,719).

BORGWARNER UK MANAGEMENT LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****15 Share capital**

	2021	2020	2021	2020
	Number	Number	£000's	£000's
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	4,000,000	4,000,000	4,000	4,000

16 Related party transactions

The Company is wholly owned subsidiary of BorgWarner Inc. whose consolidated accounts are publicly available. The Company has taken advantage of the exemption within FRS102 section 33, not to disclose transactions with directly or indirectly wholly owned group companies. During the year there were no transactions with associated that were not directly wholly owned group companies of the BorgWarner group.

17 Ultimate controlling party

BorgWarner Inc. is the immediate and ultimate parent undertaking of the Company. BorgWarner Inc. is incorporated in the USA and is traded on the New York Stock Exchange. Its registered address is: Auburn Hills, Michigan, USA.

The parent of both the smallest and largest group for which the results of the Company were consolidated as of 31 December 2021 was BorgWarner Inc. The group financial statements of BorgWarner Inc. are available from the Securities and Exchange Commission in the U.S.