

Registered number: 00032262

G.K.N. Industries Limited

Annual Report and Financial Statements

For the year ended 31 December 2019

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G.K.N. Industries Limited

Strategic Report

For the year ended 31 December 2019

The Directors present the Strategic Report for the year ended 31 December 2019.

Principal activity

The Company is an investment holding company for businesses in the GKN sub group. In addition, a number of intercompany financing transactions and treasury activities with other GKN companies are conducted through the Company. The Directors do not expect any change in this activity in the foreseeable future.

Business Review

G.K.N. Industries Limited is an intermediate holding company in the GKN sub group. The Company shows a profit after tax for the year of £362,046,000 (2018: £633,410,000) reflecting dividends received from its subsidiaries, partly offset by impairment charges.

Due to the nature of the Company's activities, the Directors do not monitor any non-financial key performance indicators.

Principal Risks and Uncertainties

The Company's activities expose it to a number of risks.

Credit Risk

The Company's principal financial assets are trade and other receivables (including amounts owed by other Group undertakings).

The Company's credit risk is primarily attributable to its receivables from other Group undertakings. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an expected loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Cash flow risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates.

Liquidity Risk

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other Group companies.

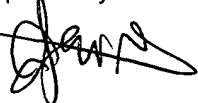
Going concern

The financial statements have been prepared on a going concern basis. The Company's forecasts show that the Company expects to be able to continue to operate for the next 12 months from the date of the approval of these financial statements. The Company is a subsidiary of Melrose Industries PLC, a global manufacturing and engineering group. The 2020 Interim Report of Melrose Industries PLC disclosed that the Group had headroom on its multi-currency committed revolving credit facility of over £1.1 billion, when applying the exchange rates at 30 June 2020. Headroom is largely unchanged through to the end of August 2020.

The Melrose Group has been impacted by events subsequent to the year end, specifically global implications from the COVID-19 pandemic and this is being managed. Whilst the implications do not directly affect the Company, they are impacting fellow subsidiaries. The Company does rely on continued support from fellow subsidiaries within the Melrose Group, in the context of recovery of intercompany receivables.

Further details can be found in the accounting policies on page 9.

Approved by the Board on 15 September 2020 and signed on its behalf by:



G E Barnes
Director
G.K.N. Industries Limited
Registration number: 00032262

Directors' Report

For the year ended 31 December 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019. An indication of likely future developments in the business of the Company is included in the Strategic Report. Information on the financial risk management and going concern are also included in the Strategic Report.

Directors of the Company

The Directors who held office during the year and up to the date of signing the financial statements are as follows:

Mr G D Morgan
Mr M J Richards
Mr J C F Crawford (Director and Company Secretary)
Mr G E Barnes

No Director had a beneficial interest in the share capital of the Company or any of its subsidiaries, except for the fact that each Director as at 31 December 2019 held shares and/or options over shares in Melrose Industries PLC, the ultimate parent company and controlling party, and therefore had an indirect beneficial interest in the Company.

Dividends

The Directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2019 (year ended 31 December 2018: £nil). There was an interim dividend payment to the parent company during the year ended 31 December 2019 of £549,919,454 (year ended 31 December 2018: £nil).

Directors' liabilities

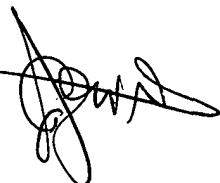
The ultimate parent undertaking has indemnified one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the year and at the date of this report.

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 15 September 2020 and signed on its behalf by:



G E Barnes
Director
G.K.N. Industries Limited
Registration number: 00032262

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), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

Independent Auditor's Report to the members of G.K.N. Industries Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of G.K.N. Industries Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of changes in equity;
- the balance sheet; and
- the related notes 1 to 16

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

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.

Independent Auditor's Report to the members of G.K.N. Industries Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

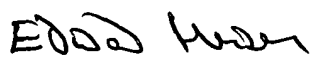
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Edward Hanson (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

15 September 2020

G.K.N. Industries Limited

Income Statement

For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Sales		-	-
Trading (loss)/profit	2	(108,654)	15,514
Income from investments in subsidiaries	6	1,122,156	1,064,715
Income from investments in joint ventures		1,056	1,807
Impairment of investments in subsidiaries	6	(675,283)	(476,747)
(Loss)/gain on disposal of investments in subsidiaries	6	(21,410)	78,743
Operating profit		317,865	684,032
Finance costs		(21,750)	(31,000)
Finance income		42,889	42,218
Other net financing income/(charges)		25,526	(51,567)
Net financing income/(expense)	3	46,665	(40,349)
Profit before tax		364,530	643,683
Tax	4	(2,484)	(10,273)
Profit after tax for the year		362,046	633,410

The Company has no other gains or losses in either year other than the results shown above and therefore no separate Statement of Comprehensive Income has been presented.

Statement of Changes in Equity

For the year ended 31 December 2019

	Note	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 January 2019		300,000	-	3,973,526	4,273,526
Profit for the year		-	-	362,046	362,046
Dividends paid	11	-	-	(549,919)	(549,919)
At 31 December 2019		300,000	-	3,785,653	4,085,653
At 1 January 2018		608,829	59,222	2,972,065	3,640,116
Profit for the year		-	-	633,410	633,410
Capital reduction		(308,829)	(59,222)	368,051	-
At 31 December 2018		300,000	-	3,973,526	4,273,526

Balance Sheet

At 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investments	6	2,773,939	2,755,294
Current assets			
Trade and other receivables	7	1,974,463	2,074,223
Total assets		4,748,402	4,829,517
Liabilities			
Current liabilities			
Trade and other payables	8	(581,538)	(349,988)
Current tax liabilities	4	(186)	(186)
Derivative financial instruments	9	(1,101)	(100,566)
		(582,825)	(450,740)
Non-current liabilities			
Derivative financial instruments	9	(73,256)	(98,100)
Deferred tax liability	4	(6,668)	(7,151)
		(79,924)	(105,251)
Total liabilities		(662,749)	(555,991)
Net assets		4,085,653	4,273,526
Shareholders' equity			
Share capital	10	300,000	300,000
Retained earnings		3,785,653	3,973,526
Total equity		4,085,653	4,273,526

The financial statements were approved by the Board of Directors and authorised for issue on 15 September 2020. They were signed on its behalf by:


G E Barnes
Director

Registration number: 00032262

Notes to the Financial Statements

For the year ended 31 December 2019

1 Accounting policies and presentation

G.K.N. Industries Limited is a private company limited by shares and is incorporated and domiciled in the UK, and registered in England and Wales with the registered number 00032262. Its registered office is 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, West Midlands B4 6AT.

The Company's significant accounting policies, which have been consistently applied, are summarised below.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Summary of disclosure exemptions

As permitted by FRS 101 and where relevant, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Melrose Industries PLC, which are available to the public and can be obtained from 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, West Midlands, B4 6AT.

Exemption from preparing group financial statements

The Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group financial statements.

Going concern

The financial statements have been prepared on a going concern basis. The Company's forecasts show that the Company expects to be able to continue to operate for the next 12 months from the date of the approval of these financial statements. The Company is a subsidiary of Melrose Industries PLC, a global manufacturing and engineering group. The 2020 Interim Report of Melrose Industries PLC disclosed that the Group had headroom on its multi-currency committed revolving credit facility of over £1.1 billion, when applying the exchange rates at 30 June 2020. Headroom is largely unchanged through to the end of August 2020.

The Melrose Group has been impacted by events subsequent to the year end, specifically global implications from the COVID-19 pandemic and this is being managed. Whilst the implications do not directly affect the Company, they are impacting fellow subsidiaries. The Company does rely on continued support from fellow subsidiaries within the Melrose Group, in the context of recovery of intercompany receivables.

Analysis that supports the Company's going concern assessment over the next 12 months included consideration of the Group covenants associated with its banking facilities which have been formally renegotiated to take account of the implications from COVID-19 on trading conditions. The only applicable covenant test in the 12 month going concern period is interest cover at 31 December 2020 and 30 June 2021. The Group has modelled two scenarios in its assessment of going concern; a base case and a reasonably possible sensitised case and in both there is headroom above the interest cover covenant.

As the Group recovers from the global uncertainties of the COVID-19 pandemic, visibility over trading conditions remains difficult. Outside the 12 month going concern period the renegotiated leverage covenant is due to be tested again on 31 December 2021.

Adoption of new and revised Standards

New standards, interpretations and amendments effective

None of the new standards, interpretations and amendments adopted during the year have had any impact on the financial statements of the Company.

Notes to the Financial Statements

For the year ended 31 December 2019

1 Accounting policies and presentation (continued)

Finance income and costs policy

Finance income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Finance costs

Where financial liabilities are measured at amortised cost using the effective interest rate method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

Foreign currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment of operation, determined having regard to the currency which mainly influences sales and input costs. The financial statements are presented in "Pounds Sterling" (£), which is also the Company's functional currency.

Transactions are translated at exchange rates approximating to the rate ruling on the date of the transaction except in the case of material transactions when actual spot rate may be used where it more accurately reflects the underlying substance of the transaction. Where practicable, transactions involving foreign currencies are protected by forward contracts. Assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Such transactional exchange differences are taken into account in determining profit before tax.

Taxation

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Company's liability for current tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Investments

Investments in subsidiaries are stated at cost less provision for impairment. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Notes to the Financial Statements

For the year ended 31 December 2019

1 Accounting policies and presentation (continued)

Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial assets

Classification and measurement

All financial assets are classified as either those which are measured at fair value, through profit or loss, or Other Comprehensive Income, and those measured at amortised cost.

Financial assets are initially recognised at fair value. For those which are not subsequently measured at fair value through profit or loss, this includes directly attributable transaction costs. Trade and other receivables, including amounts owed by Group undertakings are subsequently measured at amortised cost.

Recognition and derecognition of financial assets

Financial assets are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Impairment

Financial assets, other than those at fair value through the profit and loss, are assessed for indicators of impairment at each balance sheet date. For trade and other receivables, the simplified approach permitted under IFRS 9 is applied. The simplified approach requires that at the point of initial recognition the expected credit loss across the life of the receivable must be recognised. As these balances do not contain a significant financing element, the simplified approach relating to expected lifetime losses is applicable under IFRS 9. Cash and cash equivalents are also subject to impairment requirements.

Financial liabilities

Recognition and measurement

Financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instruments and are initially measured at fair value, net of transaction costs. The Company derecognises financial liabilities when the Company's obligations are discharged, significantly modified, cancelled or they expire.

Classification and measurement

Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest rate basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that discounts estimated future cash payments throughout the expected life of the financial liability, or, where appropriate, a shorter period to the gross carrying amount of the financial liability.

Notes to the Financial Statements

For the year ended 31 December 2019

1 Accounting policies and presentation (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the Income Statement.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Directors consider the impairment of investments in subsidiaries to be the only key source of estimation uncertainty, and it is considered that there are no critical accounting judgements within these financial statements. Note 6 contains further details of the key sources of estimation uncertainty.

2 Operating profit

The analysis of the additional components of operating profit is shown below:

Trading (loss)/profit

	2019	2018
	£'000	£'000
Sales	-	-
Operating costs		
Net exchange (losses)/gains on foreign currency transactions	(108,050)	19,166
Audit fees payable to the Company's auditor	(11)	(42)
Other expenses	(593)	(3,610)
Trading (loss)/profit	(108,654)	15,514

All fees payable to the Company's auditor for the audit of the financial statements include amounts in respect of expenses. All fees payable have been charged to the income statement.

Notes to the Financial Statements

For the year ended 31 December 2019

3 Net financing income/(expense)

	2019 £'000	2018 £'000
(a) Net finance (cost)/income		
Finance cost		
Amounts owed to Group undertakings	(13,614)	(21,396)
Cross currency interest rate swaps	(8,136)	(9,604)
	(21,750)	(31,000)
Finance income		
Amounts owed by Group undertakings	42,889	42,218
	42,889	42,218
Net finance income	21,139	11,218
	2019 £'000	2018 £'000
(b) Other net financing income/(charges)		
Fair value changes on cross currency interest rate swaps	25,526	(51,567)
	25,526	(51,567)

4 Taxation**(a) Analysis of charge in year**

	2019 £'000	2018 £'000
Current tax credit/(charge)		
Current year UK corporation tax	-	(190)
Withholding tax suffered	(2,967)	(183)
Adjustments in respect of prior years	-	10,961
	(2,967)	10,588
Deferred tax (charge)/credit		
Origination and reversal of temporary differences	483	5,984
Adjustments in respect of prior years	-	(26,845)
Total deferred tax	483	(20,861)
Total tax charge for the year	(2,484)	(10,273)

(b) Factors affecting the tax charge in the year

The tax assessed for the year is different to (2018: different to) the standard rate of corporation tax in the UK of 19% (2018: 19%)

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	364,530	643,683
Profit on ordinary activities multiplied by the standard UK corporation rate of 19% (2018: 19%)	(69,261)	(122,300)
Tax effect of income not taxable/(expenditure not deductible) in determining taxable profits	83,391	117,296
Effect of change in corporation tax rate on deferred tax recognition	(7)	(7)
Other movements in deferred taxation	425	5,926
Withholding tax suffered	(2,967)	(183)
Group relief at nil tax rate	(14,065)	4,879
Adjustments to current tax charge in respect of prior years	-	10,961
Adjustments to deferred tax charge in respect of prior years	-	(26,845)
Total tax charge for the year	(2,484)	(10,273)

(c) Changes in UK Corporation tax rates

The enacted rates of UK corporation tax at 31 December 2019 were 19% for the year ended 31 December 2019, reducing to 17% with effect from 1 April 2020. At the balance sheet date deferred tax assets and liabilities have been measured at the rate at which they are expected to reverse.

The Finance Bill 2020, published on 19 March 2020, has reversed the reduction to 17%, meaning that the UK rate will be maintained at 19%. The effect of this change in rate on the closing balance sheet would increase the deferred tax liability by £784,000.

Notes to the Financial Statements

For the year ended 31 December 2019

4 Taxation (continued)

(d) Current tax liability

	2019 £'000	2018 £'000
HMRC creditor – tax payable	(186)	(186)

(e) Recognised deferred tax

	£'000
At 1 January 2019	(7,151)
Included in the income statement	483
At 31 December 2019	(6,668)

Deferred tax is not provided on the unremitted earnings of overseas subsidiaries except where the distribution of such profits is planned. If these earnings were remitted in full, tax of £38,957,000 would be payable (2018: £46,600,000). This figure could increase significantly if, as a result of Brexit, the Group had to rely on withholding tax rates as set out in the Double Taxation Conventions agreed between the UK and other countries, rather than the EU Parent-Subsidiary Directive. Due to the uncertainty around the UK's exit from the EU, this amount has not been quantified at the current time.

5 Employees including Directors

There were no employees of the Company during the year (2018: none).

The Directors' emoluments for the year are disclosed in accordance with the Companies Act 2006. Emoluments are apportioned for the services provided by the Directors to the Company. The emoluments of the Directors of the Company for their services to the Company amounted to £nil (2018: £nil).

Retirement benefits accruing to the Directors of the Company for their services to the Company amounted to £nil (2018: £nil).

6 Investments

	Subsidiaries £'000	Equity accounted investments £'000	Other investments £'000	Total £'000
Cost				
At 1 January 2019	3,329,123	18,567	5,578	3,353,268
Additions	1,823,878	-	-	1,823,878
Disposals	(1,129,950)	-	-	(1,129,950)
At 31 December 2019	4,023,051	18,567	5,578	4,047,196
Accumulated impairment				
At 1 January 2019	587,050	5,346	5,578	597,974
Charge for the year	671,311	3,972	-	675,283
At 31 December 2019	1,258,361	9,318	5,578	1,273,257
Net book amount at 31 December 2019	2,764,690	9,249	-	2,773,939
Net book amount at 31 December 2018	2,742,073	13,221	-	2,755,294

The subsidiaries and other undertakings of the Company at 31 December 2019 are disclosed in note 16. Income from investments in group undertakings of £1,122.2 million (2018: £1,064.7 million) represents dividends received from subsidiaries.

Notes to the Financial Statements

For the year ended 31 December 2019

6 Investments (continued)

Additions:

As part of the internal pre-sale reorganisation of the Walter Scheid Powertrain Group, the Company increased its investment in Powertrain Services UK Limited by £11.6 million. The Company also made a capital contribution into GKN (Taicang) Co Ltd of £16.7 million.

On 28 June 2019, the Company received an investment in GKN Driveline Sweden Koping AB of £117.7 million.

On 14 August 2019, the Company invested a value of £575 million in GKN Automotive Holdings Limited as part of an internal reorganisation.

As part of the same reorganisation the Company received investments in GKN Aerospace US Holdings LLC and GKN Aerospace Deutschland GmbH for £252 million and £50 million respectively.

On 15 December 2019, the Company made a capital contribution into GKN America Corp of £251 million to allow GKN America Corp to contribute cash to one of its subsidiaries.

Disposals:

As part of the sale of the Walterscheid Powertrain Group, the Company disposed of its investments in Powertrain Services UK Limited of £11.6 million and GKN (Taicang) Co Ltd of £16.7 million which resulted in a loss on sale of £25.3 million. As part of the internal pre-sale reorganisation of the Walterscheid Powertrain Group, the Company also disposed of its investment in GKN Driveline Service Scandinavia AB for £5.4 million, resulting in a gain on disposal of £3.9 million.

On 31 July 2019 as part of an internal reorganisation of the GKN Aerospace business, the Company contributed its investments in GKN Aerospace Netherlands BV, GKN Aerospace Transparency Systems (Thailand) Limited, GKN Sweden Holdings AB, GKN Aerospace US Holdings LLC and GKN Aerospace Deutschland to GKN Aerospace Holdings Limited for £109 million, £0.1 million, £138.8 million, £252 million and £50 million respectively resulting in an increase in its investment in GKN Aerospace Holdings Limited of £550 million. The Company then distributed its entire holding in GKN Aerospace Holdings Limited to its parent company for £550 million.

Impairment:

Following an annual impairment review of investments in subsidiaries a decision was taken to impair the investments in GKN America Corp (£168.0 million), GKN Service Italia SpA (£90.5 million), GKN Driveline International GmbH (£124.2 million), GKN Aerospace Mexico (USA) (£0.6 million) and GKN Driveline Japan Limited (£88 million).

The Company's holding in its associated undertaking, GKN (Bazhou) Metal Powder Company Limited was also impaired by £4.0 million.

Additionally, following a dividend received during the year from GKN USD Investments Limited an impairment of £200 million was subsequently recognised.

Key sources of estimation uncertainty

The Directors form a judgement as to the carrying value of the investments and whether any impairment is required. This requires estimation of the cash flows the investment will generate in the future. Following an annual impairment review of investments in subsidiaries and equity accounting investments, management have concluded no further impairments are required as each of the Company's investments is supported by its underlying net assets or value in use based on their estimate of discounted future cash flows.

7 Trade and other receivables

	2019 £'000	2018 £'000
Amounts owed by Group undertakings	1,974,463	2,074,223

Amounts owed by Group undertakings are unsecured, accumulate interest in a range between 0% and 2%, have no fixed date of repayment and are repayable on demand.

8 Trade and other payables

	2019 £'000	2018 £'000
Amounts owed to suppliers and customers	(1,216)	(1,216)
Amounts owed to Group undertakings	(576,532)	(343,210)
Accrued interest	(3,779)	(5,520)
Payroll taxes, indirect taxes and audit fees	(11)	(42)
	(581,538)	(349,988)

Amounts owed to Group undertakings are unsecured, accumulate interest in a range between 0% and 2%, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements

For the year ended 31 December 2019

9 Derivative financial instruments

	2019			2018		
	Liabilities		Total	Liabilities		Total
	Non-current	Current		Non-current	Current	
	£'000	£'000	£'000	£'000	£'000	£'000
Cross currency interest rate swaps	(73,256)	(1,101)	(74,357)	(98,100)	(100,566)	(198,666)

The Company holds a series of cross currency interest rate swap instruments with a fellow GKN sub group subsidiary. The derivative instruments were entered into on behalf of the GKN sub group and in substance convert one sterling denominated bond with a total nominal value of £450 million, held in a third GKN sub group subsidiary, into US dollars (\$373 million) and Euros (€284 million). The intra-group back-to-back arrangement has been put into place with the Company as it owns the majority of the GKN sub group's investments in Europe and the USA. The gross fair values for the external and intra-group cross currency interest rate swap contract are included above.

10 Share capital

	Issued and Fully Paid	
	2019	2018
	£'000	£'000
Ordinary shares of £1 each	300,000	300,000
	2019	2018
	Number	Number
	000s	000s
Ordinary shares of £1 each	300,000	300,000

The authorised ordinary share capital is £300,000,100 (2018: £300,000,100).

11 Dividends Paid

Amounts recognised as distributions to a parent company:

	2019	2018
	£'000	£'000
	549,919	-

As part of the GKN Aerospace reorganisation, an interim dividend was paid to the Company's immediate parent company, GKN Enterprise Limited.

12 Related party transactions

- In accordance with FRS 101 the Company has taken advantage of the exemption not to disclose the transactions with other Group undertakings. There were no other related party transactions during the year.

13 Contingent asset

The GKN Group continues to pursue Franked Investment Income litigation with HMRC. The continuing complexity of the case and uncertainty over the issues raised (and in particular which points HMRC may seek to appeal) means that it is not possible to predict the final outcome of the litigation with any reasonable degree of certainty.

14 Contingent liabilities

The Company has guaranteed bank and other borrowing of subsidiary undertakings. The amount guaranteed is £1,098,000 (2018: £1,098,000).

15 Controlling parties

The immediate parent is GKN Enterprise Limited. The ultimate parent undertaking and controlling party is Melrose Industries PLC.

The parent of the smallest and largest group in which these financial statements are consolidated is Melrose Industries PLC. Consolidated financial statements of Melrose Industries PLC are available from 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, England B4 6AT, which is also the registered office of the Company.

Notes to the Financial Statements

For the year ended 31 December 2019

16 Subsidiaries and other undertakings

Set out below are a list of the Company's related undertakings as at 31 December 2019. These undertakings are included in the consolidated financial statements of Melrose Industries PLC. The Company had a 100% interest in the investments listed below unless indicated otherwise.

Name	Class of shares held/ interest	Registered office
Transmisiones Homocineticas Argentinas SA (in liquidation) (49%)	Ordinary B ⁽¹⁾	Avenida Del Libertador 602, 4° Piso, Buenos Aires, Argentina
Unidrive Pty Ltd*	Ordinary	45-49 McNaughton Road, Clayton Victoria 3168, Australia
GKN do Brasil Limitada	Quota capital	Rua Joaquim Silveira 557, Parque Sao Sebastiao, 91060-320 Porto Alegre, RS, Brazil
GKN Sinter Metals Ltda (99.99%)	Quota capital	Av. da Emancipacao no. 4.500, CEP 13.184-542, Bairro Santa Esmeralda, Hortolandia, Sao Paulo, Brazil
GKN (Bazhou) Metal Powder Company Limited (40%)	Registered investment	On the North of 1500 meters, Wuping Dong Road, Shengfang Town, Bazhou City, Hebei Province, China
GKN China Holding Co Ltd *	Registered investment	Unit A, 6/F, Building A1#, No. 255 Xiupu Road, Pudong New Area, Shanghai, 201315, China
GKN Danyang Industries Company Limited	Registered investment	18 North Shitan Road, North Industrial Park, Development Zone, Danyang, Jiangsu, China
GKN HUAYU Driveline Systems (Chongqing) Co. Ltd (9%)	Registered investment ⁽²⁾	No. 1 Cuigu, Northern New Zone, Chongqing, 401122, China
GKN (Lianyungang) Company Limited	Registered investment	928 JingDu Road, Donghai Economic Development Zone, Jiangsu, 222300, China
GKN Power Solutions (Liuzhou) Company Limited	Registered investment	No. 7 Liutai Road, Liuzhou, Guangxi, 545007, China
GKN Sinter Metals Yizheng Co Ltd *	Registered investment	No. 8, Kangming Road, Industrial Automotive Park, Yizhenb City, Jiangsu, 222300, China
GKN Zhongyuan Cylinder Liner Company Limited (59%) *	Registered investment	Xiguo Industrial Zone, Mengzhou City, Henan Province, 454750, China
Nanjing FAYN Piston Ring Company Limited (19.79%) *	Registered investment	Zijin Kechuang Center 4 Level, 416 Room, Economy Development Zone, Lishui, Nanjing, China
Shanghai GKN Driveline Sales Co Ltd (49%)	Registered investment	898 Kangshen Road, Pudong, Shanghai, China
Shanghai GKN HUAYU Driveline Systems Company Limited (50%)	Registered investment	950 KangQiao Road, Pudong New Area, Shanghai, China
Transejes Transmisiones Homocineticas de Colombia SA (49%) *	Ordinary	Calle 32 No. 15 – 23 Barrio Rincon de Girón, Girón Santander, Colombia
GKN Wheels Nagbol A/S *	Ordinary	Nagbøvej 31, 6640 Lunderskov, Denmark
GKN Automotive SAS *	Ordinary	100 Avenue Vanderbilt, 78955 Carrières-sous-Poissy, France
GKN Driveline Ribemont SARL	Ordinary	7 rue de la Briqueterie, 02240 Ribemont, France
GKN Driveline SA (99.99%)	Ordinary	100 Avenue Vanderbilt, 78955 Carrières-sous-Poissy, France
GKN Freight Services EURL	Ordinary	100 Avenue Vanderbilt, 78955 Carrières-sous-Poissy, France
GKN Driveline Deutschland GmbH	Ordinary	Carl-Legien-Straße 10, 63073 Offenbach am Main, Germany
GKN Driveline International GmbH *	Ordinary	Hauptstrasse 130, 53797 Lohmar, Germany
GKN Driveline Trier GmbH	Ordinary	Hafenstrasse 41, 54293 Trier, Germany
GKN Driveline Service GmbH	Ordinary	Nussbaumweg 19-21 51503, Rosrath, Germany
GKN Gelenkwellenwerk Kaiserslautern GmbH	Ordinary	Opelkreisel 1-9, 67663 Kaiserslautern, Germany
GKN Powder Metallurgy Holding GmbH (10%) ⁽³⁾	Ordinary	Krebsöge 10, 42477 Radevormwald, Germany
GKN Driveline (India) Limited (97.03%)	Ordinary	270, Sector-24, Faridabad 121 005, Haryana, India
Ipsley Insurance Limited *	Ordinary	Tower House, Loch Promenade, Douglas, IM1 2LZ, Isle of Man
GKN Driveline Brunico SpA	Ordinary	Via dei Campi della Rienza 8, 39031 Brunico, BZ, Italy
GKN Driveline Firenze SpA	Ordinary	Via Fratelli Cervi 1, 50013 Campi Bisenzio, FI, Italy
GKN Italia SpA *	Ordinary	Via dei Campi della Rienza 8, 39031 Brunico, BZ, Italy
GKN Driveline Japan Ltd	Ordinary	2388 Ohmiya-cho, Tochigi City, 328-8502 Tochigi, Japan
GKN Driveline Tochigi Holdings KK	Ordinary	2388 Ohmiya-cho, Tochigi City, 328-8502 Tochigi, Japan
GKN Driveline Korea Limited	Common stock	53 3Gongdan2-ro, Seobuk-gu, CheonAn-si, Chungcheongnam-do, South Korea
GKN Driveline Malaysia Sdn Bhd (68.42%)	Ordinary	Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, Georgetown, Pulau, 10050, Penang, Malaysia
GKN Aerospace San Luis Potosi S. de R.L. de C.V. (in liquidation) *	Fixed equity	Av. CFE No. 709, Parque Industrial Millennium, San Luis Potosi S.L.P 78395, Mexico
GKN Driveline Celaya SA de CV (99.86%) *	Ordinary	Carretera Panamericana km 284, Celaya, Guanajuato, C.P. 38110, Mexico
GKN Driveline Mexico Services SA de CV (98%) *	Ordinary	Carretera Panamericana km 284, Celaya, Guanajuato, C.P. 38110, Mexico
GKN Driveline Mexico Trading SA de CV (98%) *	Ordinary	Carretera Panamericana km 284, Celaya, Guanajuato, C.P. 38110, Mexico
GKN Driveline Villagran SA de CV (98%) *	Ordinary	Carretera Alterna Celaya Villagrán Km 11, Col. El Pintor, Villagrán, Guanajuato, C.P. 38260, Mexico
GKN UK Holdings BV	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT
GKN Driveline Polska Sp z o o *	Ordinary	Ul. B. Krzywoustego 31 G, 56-400 Oleśnica, Poland
GKN Automotive Portugal, Limitada	Ordinary	Avenida Marechal Gomes da Costa, 1131, 4150-360, Porto, Portugal
GKN Driveline Togliatti LLC	Ordinary	The land plot No. 3, Building No. 4, Roadway No. 2, Territory of OEE IPT, Podstepki Village, Stavropolsky District, Samara Region, Podstepki Village, 445143, Russia
GKN Driveline Slovenija d o o *	Ordinary	Rudniska cesta 20, Zrece 3214, Slovenia
GKN Ayra Servicio, SA	Ordinary	Pol. Ind. Can Salvatella, Avenida Arrahona 54-56, 08210 Barbera del Valles, Barcelona, Spain
GKN Driveline Vigo, SA	Ordinary	Avenida de Citroen s/n, 36210 Vigo, Spain
GKN Driveline Zumaia, SA *	Ordinary	Sagarbidea 2, 20750 Zumaia, Spain
GKN Driveline Köping AB *	Ordinary	SE - 731 36, Köping, Sweden
Taiway Limited (36.25%) *	Common stock	14 Kwang Fu Road, Hsin-Chu Industrial Park, Hukou, Hsin Chu 30351, Taiwan

Notes to the Financial Statements

For the year ended 31 December 2019

16 Subsidiaries and other undertakings (continued)

Name	Class of shares held/ interest	Registered office
GKN Driveline (Thailand) Limited	Ordinary	Eastern Seaboard Industrial Estate, 64/9 Moo 4, Tambon Pluakdaeng, Amphur Pluakdaeng, Rayong 21140, Thailand
GKN Driveline Manufacturing Ltd (in liquidation)	Ordinary	Eastern Seaboard Industrial Estate, 64/9 Moo 4, Tambon Pluakdaeng, Amphur Pluakdaeng, Rayong 21140, Thailand
GKN Eskisehir Automotive Products Manufacture and Sales A.S. (0.001%) ⁽⁴⁾	Ordinary	Organize Sanayi Bolgesi 20, Cadde No: 17, 26110, Eskisehir, Turkey
A. P. Newall & Company Limited *	Ordinary	15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA, United Kingdom
GKN Investments III GP Limited	Ordinary	15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA, United Kingdom
GKN Investments III LP	Membership interest	15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA, United Kingdom
Ball Components Limited	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
FAD (UK) Limited *	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
GKN Automotive Holdings Limited *	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
GKN Birfield Extrusions Limited	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
GKN Overseas Holdings Limited *	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
GKN Service UK Limited	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
GKN UK Investments Limited	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
GKN USD Investments Limited *	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
GKN U.S. Investments Limited *	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
GKN 2 Trustee 2018 Limited	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
GKN 3 Trustee 2018 Limited	Ordinary	11 th Floor, The Colmore Building, 20 Colmore Circus, Queensway, B4 6AT, United Kingdom
GKN Driveline Birmingham Limited	Ordinary	Chester Road, Erdington, Birmingham, B24 0RB, United Kingdom
GKN Driveline Service Limited	Ordinary	Unit 5, Kingsbury Business Park, Kingsbury Road, Minworth, Sutton Coldfield, B76 9DL, United Kingdom
GKN Automotive Limited	Ordinary and preference	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom
GKN Driveline Mexico (UK) Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom
GKN Driveline UK Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom
GKN EVO eDrive Systems Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom
GKN Hybrid Power Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom
GKN Driveline Uruguay SA (in liquidation) *	Ordinary	Arg. Baldomiro, 2408, Montevideo, Uruguay
GKN America Corp *	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Cylinder Liners, LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Driveline Newton LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Driveline North America, Inc	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Freight Services, Inc	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN North America Investments Inc	Ordinary	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN North America Services, Inc	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Sinter Metals, LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
Hoeganaes Corporation	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
Hoeganaes Specialty Metal Powders LLC (70%)	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
XIK LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Armstrong Wheels, Inc	Ordinary	505 5th Avenue, Suite 729, Des Moines IA, 50309, USA
GKN Driveline Bowling Green, Inc	Common stock	50 West Broad Street, Suite 1330, Columbus, Ohio, 43215, USA

indicates undertakings held directly by the Company. All other undertakings are held indirectly through intermediate holding companies.

Notes

1) The Group owns 100% of the Ordinary Class B shares with a total ownership of 49% in the company

2) The Group owns 9% directly with a total effective ownership of 34.5%

3) The Company has a direct interest in 10% of the issued share capital. The balance is held by an affiliate of the Company.

4) The Company has a direct interest in one Ordinary Share. The balance is held indirectly through an intermediate company