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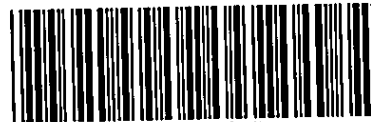
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**GKN UK HOLDINGS BV**

**STATUTORY ACCOUNTS**

**2008**

THURSDAY



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09/07/2009

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## REPORT ON THE FINANCIAL STATEMENTS

### 1. General

1.1 Appendix I provides further notes on the financial statements covering items not dealt with below.

### 2. Format of the Financial Statements

2.1 The Company has taken advantage of the provisions under the Dutch Companies Act whereby abridged annual accounts may be prepared provided that the ultimate parent company (GKN plc) has guaranteed the company's debts and has included the Company's accounts in the GKN plc Group consolidated annual report.

### 3. Profit and Loss Account

3.1 Income and expenditure are accounted for on an accruals basis. There has been very little activity by the company during 2008. Major movements are explained below.

3.2 The profit from continuing operations of GBP 5,498,000 was GBP 18,083,000 favourable to 2007 (see Appendix I).

For accounting purposes, Group finance interest was not credited to the company during the year. However, for taxation purposes income from Group finance interest has to be imputed.

3.3 The profit from discontinued operations of GBP 17,500,000 arose in August 2008 as a result of the GKN Group reaching agreement with Finmeccanica regarding the GBP 35,000,000 deferred consideration placed into escrow in November 2004, the date of disposal of the Company's 50% share of AgustaWestland.

3.4 The Directors proposed and paid an interim dividend of GBP 12,305,000 during the year (2007 - nil).

### 4. Balance Sheet

4.1 Current assets of GBP 581,265,000 were GBP 1,771,000 lower than in 2007, the movements being the payment of the 2007 taxation liability and 2008 interim dividends, offset by the receipt of the deferred consideration noted in 3.3 above.

4.2 Liabilities of GBP 5,000 were GBP 12,464,000 below the 2007 level due to there being no corporation tax payable at 31 December 2008.

**GKN UK HOLDINGS BV**  
**Notes on 2008 accounts**

**PROFIT AND LOSS ACCOUNT**

	Notes	2008 GBP 000	2007 GBP 000
(a) <b>Profit/(loss) after taxation from continuing operations</b>			
Administration costs	1	(8)	-
Interest received	2	3,453	-
		<u>3,445</u>	<u>-</u>
Taxation	3	2,053	(12,585)
		<u>5,498</u>	<u>(12,585)</u>

Notes:-

1. Administration costs:  
Auditors' remuneration - audit  
Legal fees

(3)	-
(5)	-
<u>(8)</u>	<u>-</u>

Auditors' remuneration for the year amounted to GBP 3,000 (2007: GBP 3,000). The 2007 fee was borne by a fellow GKN subsidiary company.

2. AgustaWestland escrow receipt (see note (b))	<u>3,453</u>	<u>-</u>
3. Taxation		
UK corporation tax	-	(12,469)
Adjustment to taxation of earlier years	2,053	(116)
	<u>2,053</u>	<u>(12,585)</u>

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 28.5% (2007 - 30%). The differences are explained below:

Profit before taxation from continuing operations	<u>3,445</u>	<u>-</u>
Tax charge calculated at standard UK tax rate of 28.5% (2007 - 30%)	982	-
Transfer pricing adjustment - notional interest	8,862	12,469
Group relief received without payment	(9,844)	-
Adjustment to taxation of earlier years	(2,053)	116
	<u>(2,053)</u>	<u>12,585</u>

(b) **Discontinued operations**

Sale of AgustaWestland - deferred proceeds	<u>17,500</u>	<u>-</u>
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In August 2008, the GKN Group reached agreement with Finmeccanica regarding the GBP 35,000,000 deferred consideration placed into escrow in November 2004, the date of disposal of the Company's 50% share of AgustaWestland. Under the agreement the GBP 35,000,000 together with accrued interest was shared equally. As a result, GBP 20,953,000 was received, of which GBP 3,453,000 was recognised as interest and GBP 17,500,000 recognised as profit on sale of discontinued operations. The interest represents the cumulative interest on the escrow monies earned during the period from initial disposal to final agreement. Tax of nil was charged against the profit on sale.

**GKN UK HOLDINGS BV**  
**Notes on 2008 accounts**

**BALANCE SHEET**

		2008	2007
	Notes	GBP 000	GBP 000
(c) <b>Current Assets</b>			
Loan to GKN (UK) plc		581,265	583,036

		2008	2007
		GBP 000	GBP 000
(c) <b>Liabilities</b>			
Administration expenses		(5)	-
Taxation		-	(12,469)
		(5)	(12,469)

		2008	2007
	Notes	GBP 000	GBP 000
(d) <b>Capital and reserves</b>			
Share capital		16,647	16,647
Reserves	1	564,613	553,920
		581,260	570,567

1. Reserves:

	Share Premium	Revenue Reserve	Total
	GBP 000	GBP 000	GBP 000
At 1 January 2008	553,920	-	553,920
Profit for the year	-	22,998	22,998
Dividend paid	-	(12,305)	(12,305)
At 31 December 2008	553,920	10,693	564,613

	Share Premium	Revenue Reserve	Total
	GBP 000	GBP 000	GBP 000
At 1 January 2007	562,545	3,960	566,505
Loss for the year	-	(12,585)	(12,585)
Revenue reserve compensation	(8,625)	8,625	-
At 31 December 2007	553,920	-	553,920

# GKN UK HOLDINGS BV

## Profit and Loss Account for the year ended 31 December 2008

	<u>2008</u>	<u>2007</u>
	GBP 000	GBP 000
Profit/(loss) after taxation from continuing operations	5,498	(12,585)
Profit after taxation from discontinued operations	17,500	-
Profit/(loss) after taxation for the year	<u>22,998</u>	<u>(12,585)</u>

Note:-

Paragraph 22.4 of the Company's articles of association states that "profits of the Company shall be at the entire disposal of the General Meeting of Shareholders" and that "the management may from time to time declare and distribute interim dividends in so far as the profits of the Company shall permit such distribution". The Directors resolved to pay an interim dividend of £12,305,000 for the year ended 31 December 2008 (2007: nil) which was paid on 31 October 2008.

## Balance Sheet as at 31 December 2008

	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
	GBP 000	GBP 000		GBP 000	GBP 000
Current assets	581,265	583,036	Share Capital	16,647	16,647
			Reserves	564,613	553,920
			Liabilities	5	12,469
	<u>581,265</u>	<u>583,036</u>		<u>581,265</u>	<u>583,036</u>
Share Capital:				<u>2008</u>	<u>2007</u>
23,472,000 shares of 1 Euro @ 1.41				GBP 000	GBP 000
				16,647	16,647

The Company's ultimate holding company is GKN plc, England, in whose consolidated accounts the Company's accounts are included. The shareholders have declared in writing that they agree with the deviation from the directives generally applied for annual accounts and that abridged annual accounts may be prepared for the Company.

Signed:-

Mr N M Stein.....

Mrs J M Felton.....

Mr R A Ogilvie Smals.....

Redditch