GKN FREIGHT SERVICES LIMITED

Registered number: 56211

ANNUAL ACCOUNTS

31 DECEMBER 2010

GKN FREIGHT SERVICES LIMITED
Registration No 56211 1

Report of the Directors

Directors: Mr J Gillam
Mr S P Smith
Mr M Shaddick
Ms. A Peszko-Keniger

1 The Directors present their report together with the audited accounts of the Company for the year ended 31 December 2010.

2 **Statement of Directors' responsibilities in respect of the financial statements**

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 prepared the Company 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 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 and prepare the financial statements on a 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, 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

The auditors' responsibilities in relation to the accounts are set out in their report on pages 4 and 5.

3 **Principal Activities and Business Review**

Principal Activities

The Company is engaged in the provision of freight forwarding, distribution and warehousing services with offices in Spain, Italy and Brazil as well as the UK

Business Review

Financial Results

The profit and loss account of the Company shows a profit for the year of £415,000 (2009 £129,000) The Directors do not recommend the payment of a dividend for the year ended 31 December 2010 (2009 £2,000,000)

Report of the Directors (continued)

3 Principal Activities and Business Review (continued)

Going Concern

The Directors have reviewed the financial position of the Company and have confirmed that it is appropriate to prepare the Financial Statements on a going concern basis.

Principal Risks and Uncertainties

The Company's risk management process includes an assessment of the likelihood and potential impact of a range of events to determine the overall risk level and to identify actions necessary to mitigate their impact The following risks have been identified as ones which could have a material impact on the future financial performance of the Company and cause results to differ materially from expected and historical results Additional risks not currently known or which are regarded as immaterial could also affect future performance.

Financial risk management

The Company's operations expose it to a variety of financial risks including the effects of credit risk As a subsidiary of GKN plc all the Company's funding is provided through a fellow subsidiary via a current account. The overarching Group policies in relation to external risks, including interest rate risk, foreign exchange risk and liquidity risk all of which are managed centrally by the GKN plc Group Treasury function, are set out in the annual report of GKN plc The Company does not use derivative financial instruments to manage interest rate costs

Where the Company enters into transactions with inherent external counter-party risk, exposures are assessed in line with GKN plc policies and guidance.

Market and customer related risk

The Company supplies freight forwarding services and is affected by macro-economic conditions and consumer demand and preferences

The Company mitigates these risks by reacting to reduce its cost base when demand for its services deteriorates. The Company monitors its credit exposures and additional emphasis is placed on this in the current climate

Key Performance Indicators

Financial key performance indicators

The Company is part of the Driveline business of the GKN Group Key performance indicators are measured either on a divisional or a Group basis Key performance indicators and the GKN Group's performance against them in 2010 are shown in GKN plc's 2010 annual report The Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company

4 Directors

The Directors during the year were

Mr S P Smith
Mr M Shaddick
Ms A Peszko-Keniger
Mr D Morris

Mr D Morris retired from the Board on 11 June 2010 The Board would like to record its appreciation for his service to the Company All other Directors served throughout the year

Mr J Gillam was appointed to the Board on 31 March 2011

Pursuant to the Company's Articles of Association, the Company has executed a deed poll of indemnity for the benefit of the Directors of the Company and persons who were Directors of the Company during the financial year under review in respect of costs of defending claims against them and third party liabilities. These provisions are currently in force The indemnity provision in the Company's Articles of Association also extends to provide a limited indemnity in respect of liabilities incurred as a Director, Secretary or Officer of an associated company of the Company

A copy of the deed poll of indemnity and of the Company's Articles of Association are available for inspection at the Company's registered office during normal business hours

5 Auditors and Disclosure of Information to Auditors

PricewaterhouseCoopers LLP are deemed to be reappointed as auditors of the Company under S 487(2) of the Companies Act 2006

In the case of each of the persons who are Directors of the Company at the date when this report was approved

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that himself/herself ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the board

M Shaddick
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GKN FREIGHT SERVICES LIMITED

We have audited the financial statements of GKN Freight Services Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors
As explained more fully in the statement of Directors' responsibilities, set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the financial statements·

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit and cash flows 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Directors' for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GKN FREIGHT SERVICES LIMITED (continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where 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.

Jonathan Gilpin
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
9 June 2011

Profit and loss account for the year ended 31 December 2010

	Note	2010 £000's	2009 £000's
TURNOVER	1	**35,687**	22,463
OPERATING PROFIT before exceptional items	2	**1,790**	503
Operating exceptional item Special pension contribution		**(1,084)**	0
OPERATING PROFIT		**706**	503
Net interest receivable	3	**22**	43
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**728**	546
Taxation	4	**(313)**	(417)
PROFIT FOR THE YEAR		**415**	129

The above results have arisen from continuing activities in the year.

The Company has no recognised gains and losses other than the profits shown above

Profits for the year on an historical cost basis are not different from those reported above.

The notes on pages 8 to 21 are an integral part of these financial statements.

GKN FREIGHT SERVICES LIMITED
Registered No: 56211

Balance sheet at 31 December 2010

	Note	2010 £000's	2009 £000's
FIXED ASSETS			
Tangible assets	8	594	751
CURRENT ASSETS			
Debtors			
Due within one year	9	13,469	10,643
Due in more than one year	9	537	386
Cash at bank and in hand		119	57
		14,125	11,086
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(8,710)	(6,242)
NET CURRENT ASSETS		5,415	4,844
TOTAL ASSETS LESS CURRENT LIABILITIES		6,009	5,595
CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR			
Preference Shares	11	(29)	(29)
NET ASSETS		5,980	5,566
CAPITAL AND RESERVES			
Share capital	13	100	100
Profit and loss account	14	930	516
Share premium	14	4,950	4,950
SHAREHOLDERS' FUNDS	15	5,980	5,566

The financial statements on pages 6 to 21 were approved by the Board and were signed on its behalf by

Stephen P Smith
Director
8 June 2011

Mark Shaddick
Director
8 June 2011

Accounting policies 31 December 2010

The accounts have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards. A summary of principal accounting policies, which have been consistently applied, is set out below

1 **Basis of accounting**

As the Company is a wholly owned subsidiary of GKN plc, it is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement The Directors have conducted a review of the Group's accounting policies and have confirmed that they are the most appropriate for the purposes of giving a true and fair view of the Company's results

2 **Turnover**

Sales shown in the profit and loss account exclude value added taxes and represent the invoiced value of goods and services charged to customers upon shipment

3 **Foreign currencies**

Where practicable, transactions involving foreign currencies are protected by forward contracts. Assets and liabilities in foreign currencies are translated at the appropriate forward contract rate or, if not covered, at the exchange rate ruling at the balance sheet date The retranslation of such assets and liabilities are dealt with through the profit and loss account

4 **Operating Profit**

Operating lease rentals are charged to the profit and loss account as incurred over the lease term

The cost of acquiring patents and know-how is written off in the year of acquisition

5 **Tangible fixed assets**

Cost

(a) Tangible fixed assets are valued at cost or valuation less accumulated depreciation Cost comprises the purchase price plus costs directly incurred in bringing the asset into use but excludes interest

(b) Where freehold and long leasehold properties were carried at a valuation at 23 March 2000, the date of implementation of FRS15, these values have been retained as book values in accordance with the transitional arrangements of that standard

(c) Where assets are in the course of construction at the balance sheet date they are classified as capital work in progress. Transfers are made to other asset categories when they are available for use

Depreciation

Depreciation is not provided on freehold land or assets in the course of construction In the case of all other categories of asset, depreciation is provided on a straight line basis over the course of the financial year

Depreciation (continued)

Depreciation is applied to specific classes of asset so as to reduce them to their residual values over their estimated useful lives

The range of main rates of depreciation used are

	Straight line
General plant, machinery, fixtures, fittings and equipment	6 to 15
Computers and major software	3 to 5
Commercial vehicles and cars	4 to 5

Leasehold properties are amortised by equal annual instalments over the period of the lease or 50 years whichever is the shorter

Leased assets

Where fixed assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased and the capital element of the leasing commitment is shown as obligations under finance leases. The rentals payable are apportioned between interest, which is charged to the profit and loss account, and capital which reduces the outstanding obligation

Where assets are financed by leasing agreements which do not give rights approximating to ownership, operating lease rentals are charged to the profit and loss account as incurred over the lease term.

6 Taxation

Provision is made for deferred tax in so far as a liability or asset arises as a result of transactions that have occurred by the balance sheet date and give rise to an obligation to pay more tax in the future, or a right to pay less tax in future. A deferred tax asset is only recognised to the extent that it may be considered recoverable Deferred tax assets and liabilities are not discounted

7 Related party transactions

As 100% of the Company's voting rights are controlled within the GKN Group, the Company is not required to disclose transactions with other Group subsidiaries, joint ventures or associated companies.

8 Pension costs

Contributions paid by the Company to the GKN defined benefit schemes are accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme, and thus has utilised the multi-employer exemption under FRS 17 (Revised).

Accounting policies 31 December 2010 - (continued)

9 **Share-based payments**

Share-based incentive arrangements are provided to employees under the Group's share option, incentive and other share award schemes Share options granted to Directors and employees and share based arrangements put in place since 7 November 2002 are valued at the date of grant or award using an appropriate option pricing model and are charged to operating profit over the performance or vesting period of the scheme The annual charge is modified to take account of shares forfeited by Directors and employees who leave during the performance or vesting period and, in the case of non-market related performance conditions, where it becomes unlikely the option will vest.

Notes on the accounts 31 December 2010

1 **Turnover**

	2010 £000's	2009 £000's
Geographical analysis by ultimate destination		
United Kingdom	7,356	3,452
Continental Europe	16,262	12,251
Americas	10,939	6,261
Rest of the world	1,130	499
	35,687	22,463

All turnover and operating profit were attributable to the principal activities of the business as shown in the Report of the Directors

Notes on the accounts 31 December 2010 - (continued)

2 Operating profit

Operating profit is stated after charging:

	2010	2009
	£000's	£000's
Wages and salaries	1,808	1,878
Social security costs	308	297
Other pension costs	118	74
Depreciation on owned assets	284	273
Rental for Plant & Machinery	22	23
Rental other	189	213
Auditors' remuneration		
for audit services	9	12
Redundancy & Reorganisation	206	10
Other external charges	30,953	19,180
	33,897	21,960

Operating Exceptional Item

	2010	2009
	£000's	£000's
Operating exceptional item	**1,084**	-

During the year the company made a contribution of 1,084,000 to the GKN Group Pension Scheme towards the establishment of an asset-backed cash payment arrangement with the Trustee of the GKN Group Pension Scheme.

The Directors have considered the nature of the Company's activities and consider that the basis of presenting operating expenses laid out above represents the most appropriate classification of costs. Other external charges represent the purchases of the Company in furtherance of its principal activities

3 Net interest receivable

	2010	2009
	£000's	£000's
Loan interest		
Receivable from Group Companies	22	43
	22	43

Notes on the accounts 31 December 2010 - (continued)

4 Taxation

	2010 £000's	2009 £000's
United Kingdom taxation		
Corporation tax at 28% (2009 – 28 5%)	506	230
Adjustment to taxation of earlier years	(57)	(89)
	449	141
Double Tax relief	(321)	(85)
	128	56
Overseas taxation		
Current tax on income for the period	385	199
Adjustment to taxation of earlier years	2	162
Current tax charge for the period	515	417
Deferred tax credit	(202)	0
Total tax charge for the year	313	417

The tax assessed for the year differs from the standard rate of corporation tax in the UK (28%) The differences are explained below

Reconciliation of actual tax charge to expected tax charge	2010 £000's	2009 £000's
Profit on ordinary activities before tax	728	546
Tax charge at 28% (2009 – 28%)	204	153
Non deductible and non taxable items	13	1
Fixed asset timing differences	80	76
Other timing differences	209	-
Difference between UK and overseas tax rates	64	114
Adjustment in respect of prior years	(55)	73
Current tax charge for period	515	417

The rate of corporation tax will change from 28% to 26% on 1 April 2011. Please note that whilst the reduction to 27% was substantively enacted before the balance sheet date the further reduction to 26% has yet to be substantively enacted

Notes on the accounts 31 December 2010 - (continued)

4 Taxation (continued)

Further rate changes are anticipated. If these are subsequently enacted in the form expected then the corporation tax rate will reduce by a further 1 per cent per annum until 2014 when it will be 23 per cent The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements

	2010 £000's	2009 £000's
Taxation payable		
UK	185	145
Overseas payable/(repayable) – Italy	55	(80)
Overseas payable – Spain	131	-
	371	65

	2010 £000's	2009 £000's
Deferred tax balance		
Fixed asset timing differences	412	339
Other temporary differences	202	-
Overseas tax credits	194	134
De-recognition of deferred tax asset	(606)	(473)
Deferred tax provision	202	-

	2010 £000's	2009 £000's
At 1 January 2010	-	-
Origination and reversal of timing differences	202	-
At 31 December 2010	202	-

A deferred tax asset of £606,000 (2009. £473,000) has not been recognised on the basis that the future recovery of such amounts is uncertain

Notes on the accounts 31 December 2010 - (continued)

5 Employee information

The average monthly number of persons employed dunng the year was

	2010 Number	2009 Number
Admınıstratıon	56	61

The aggregate remuneratıon compnsed

	2010 £000's	2009 £000's
Wages and Salarıes	1,808	1,878
Socıal Securıty costs	308	279
Other Pensıon Costs	118	74
	2,234	2,249

6 Directors' emoluments

Dırectors' emoluments are dısclosed ın accordance wıth the Companıes Act 2006.

	2010 £000's	2009 £000's
Aggregate emoluments	325	319

The emoluments dısclosed above relate to those dırectors who are paıd wholly and exclusıvely ın connectıon wıth theır servıces to the company

Durıng the year, no dırector exercısed optıons over GKN plc shares, and one dırector receıved or became entıtled to receıve shares under the GKN long term ıncentıve plans Retırement benefits are accruıng to 3 directors under the GKN Group's defined benefit pensıon schemes

Emoluments payable to the hıghest paıd dırector are as follows

	2010 £000's	2009 £000's
Aggregate emoluments	97	127
Defined benefit pensıon scheme Accrued pensıon at year end	20	62

Dırectors' emoluments The hıghest paıd dırector exercısed optıons over nıl GKN plc shares durıng the year and became entıtled durıng the year to receıve nıl GKN plc shares under the GKN long term ıncentive plans (2009 nıl)

Notes on the accounts 31 December 2010 - (continued)

7 Share Based Payments

The Group has granted options over shares to employees for a number of years under different schemes Where grants were made after 7 November 2002 they have been accounted for as required by IFRS 2 "Share-based Payment" Awards made before that date have not been so accounted All options have been valued at the date of grant by an independent third party using a Monte Carlo model which uses the same principle as a binomial model

Details of awards made in 2010 are set out below Details of awards made since 7 November 2002 that impact the 2010 accounting charge are

(a) Executive Share Option Schemes (ESOS)

Awards were made to Directors and certain senior employees in March 2003 under the 2001 scheme and in September 2004, April 2005, April 2006, August 2009 and May 2010 under the 2004 scheme In April 2007 awards were made to Directors under the 2004 scheme. Under both schemes options were granted with a fixed exercise price equal to the market price at the date of grant and subject to meeting performance conditions over a three year period. In the case of the 2001 scheme, the performance condition was based on earnings per share (eps) growth whilst under the 2004 scheme the condition is based on Total Shareholder Return (TSR) compared with that of comparator companies Under the 2001 scheme only, where the performance condition is not satisfied in full after the first three years, retesting is carried out each year up to six years from the date of grant. Inputs to the valuation model were option price 110 08p to 380.3p, volatility 31% to 38%, expected dividend yield 3 3% to 6 2%, risk-free interest rate 2 80% to 5.40% and expected terms of 6.0 years to 6 7 years

(b) Long Term Incentive Plans (LTIP)

Awards were made to Directors and certain senior employees in March 2003 under the 2001 scheme and in September 2004, April 2006, April 2007, August 2009 and August 2010 under the 2004 scheme. In April 2005 awards were made to Directors under the 2004 scheme Under both schemes, options were granted subject to TSR performance over a three year period compared with a comparator group There is no retest facility under either scheme Inputs to the valuation model for awards made prior to 2009 were option price nil, volatility 23% to 39%, expected dividend yield 3.3% to 6 2%, risk-free interest rate 4 05% to 5 40% and a term of 3 years to 4 years 9 5 months

In respect of the 2009 and 2010 awards, the inputs to the valuation model were option price nil, volatility nil, expected dividend yield 4.5%, and a term of 4 years These awards were only made to the Directors of GKN plc

Notes on the accounts 31 December 2010 - (continued)

7 Share Based Payments (continued)

c) Profit Growth Incentive Plan (PGIP)

Awards were made in April 2007 and August 2010 under the PGIP to certain senior employees Any benefit under the PGIP will be deliverable dependent upon the extent to which profit growth targets are satisfied by the Group over a 3 year performance period. The PGIP is a cash-based incentive plan, however, for certain very senior employees the benefit is deliverable in shares; shares will be released following the performance period if the minimum targeted profit growth is achieved A maximum of twice the amount of shares will be released on achievement of the maximum profit growth target, with one and a half times the number being released for interim performance No shares will be released and the awards will lapse if the minimum profit growth target is not achieved. Release is also conditional upon the satisfaction of a personal shareholding requirement for certain very senior employees Any awards deliverable under the PGIP will be satisfied from GKN ordinary shares already in issue

The 2009 PGIP award is a 2 year award that is entirely cash based and therefore not subject to the IFRS 2 requirements Any benefit under this scheme will be delivered dependent upon the extent to which profit growth targets are satisfied by the Group over a 2 year performance period

The expected volatility is based on historical volatility over a period commensurate with the term of the awards The risk-free interest rate is the rate obtainable from government securities over the expected life of the equity incentive.

A reconciliation of option movements over the year to 31 December 2010, in respect of options for which a charge has been recognised in current and prior years, is shown below.

	2010		2009	
	Number	Weighted Average Exercise Price (p)	Number	Weighted Average Exercise Price (p)
Outstanding at 1 January	25,098	110 08	1,301	334 05
Granted	-	-	25,098	110.08
Forfeited	(25,098)	110 08	(1,301)	334.05
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at 31 December	-	-	25,098	110 08
Exercisable at 31 December	-	-	-	-

Notes on the accounts 31 December 2010 - (continued)
Share Based Payments (continued)

For options outstanding at 31 December the range of exercise prices and weighted average contractual life is shown in the following table

	2010		2009	
Range of Exercise Price	Number	Contractual Weighted Average remaining life (Years)	Number	Contractual Weighted Average remaining life (Years)
110p - 120p	-	-	25,098	9 614
130p - 145p	-	-	-	-
160p - 180p	-	-	-	-

No options were exercised in 2010 The total charge for the year relating to employee share-based payment plans was £1,042 (2010 £1,004), all of which related to equity-settled share based payment transactions The deferred taxation arising on these transactions is not material

Liabilities in respect of share-based payments were not material at either 31 December 2010 or 31 December 2009 There were no vested rights to cash or other assets at either 31 December 2010 or 31 December 2010

8 Tangible assets

	Total £000's
Cost or valuation	
At 1 January 2010	1,773
Additions	127
Disposals	(45)
At 31 December 2010	1,855
Accumulated depreciation	
At 1 January 2010	1,022
Charge for the year	284
Disposals	(45)
At 31 December 2010	1,261
Net book value at 31 December 2010	
Owned assets	594
Net book values at 31 December 2009	
Owned assets	751

Fixed assets include plant, machinery, fixtures, fittings, computer software, computer equipment and capital work in progress Of the total fixed assets with net book value of £594,000, £592,000 is in respect of computer software and computer equipment

Notes on the accounts 31 December 2010 - (continued)

9 Debtors

	2010 £000's	2009 £000's
Due within one year		
Trade debtors	1,453	907
Amounts owed by group companies	3,494	2,629
Current account with parent (note 12)	7,903	6,589
Amounts owed by associated companies	37	54
Prepayments and accrued income	380	464
Deferred Tax	202	-
	13,469	10,643
Due in more than one year		
Amounts owed by group companies	537	386
	537	386

Amounts owed by group companies are non-interest bearing and repayable on demand

10 Creditors : amounts falling due within one year

	2010 £000's	2009 £000's
Due within one year		
Trade creditors	7,026	5,132
Amounts owed to group companies	546	403
Bank Overdraft	144	149
Indirect and payroll taxes	26	27
Accruals and deferred income	597	466
UK Corporation tax	185	65
Overseas Corporation tax	186	-
	8,710	6,242

Amounts owed to group companies are non-interest bearing and repayable on demand.

11 Creditors: amounts falling due after one year

	2010 £000's	2009 £000's
Amounts payable in respect of preference shares	29	29

The 6% Cumulative Preference shares have restricted voting rights with a priority on winding up to capital and arrears of dividends The holder of the 6% Cumulative Preference shares waived its entitlement to dividends in respect of the year ended 31 December 2010

Notes on the accounts 31 December 2010 - (continued)

12 Amounts owed to GKN (United Kingdom) plc

The account with GKN (United Kingdom) plc represents, together with the equity interest, the GKN Group interest in the Company excluding normal intra-group trading balances with fellow subsidiaries This account represents funding both of a permanent nature and to cover short term funding of the Company's working capital The account is interest bearing and without any repayment terms

13 Share capital

		2010 and 2009
	Authorised	Issued, called up and fully Paid
	£000's	£000's
Ordinary shares of £5 each	100	100
	100	100

14 Reserves

	Share Premium	Profit and Loss	Total
	£000's	£000's	£000's
At 1 January 2010	4,950	516	5466
Transfer to profit and loss account	-	414	414
At 31 December 2010	4,950	930	5,880

Notes on the accounts 31 December 2010 - (continued)

15 Reconciliation of movements on shareholders' equity

	2010 £000's	2009 £000's
At 1 January	5,566	7,437
Profit for the year	415	129
Dividend Paid	-	(2,000)
Share based payments	(1)	-
At 31 December	5,980	5,566

16 Capital expenditure

Contracts placed against capital expenditure sanctioned by the Board at 31 December 2010 so far as not provided for in these accounts amounted to £nil (2009 £nil)

17 Contingent liabilities

	2010 £000's	2009 £000's
Bank guarantees to third parties	259	259

The amount represents guarantees given by bank during the normal course of business with certain suppliers who trade on the condition that payments are guaranteed by banks in the event of default.

18 Operating leases

The minimum payments to which the Company was committed in 2010 under operating leases are as follows -

	2010		2009	
	Land and Buildings £000's	Other £000's	Land and Buildings £000's	Other £000's
Commitment expiring within one year	-	-	126	-
Commitment expiring within two to five years	49	4	49	22
Commitment expiring after five years	-	-	-	-
	49	4	175	22