Registered number: 00056211

GKN Freight Services Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

GKN Freight Services Limited

Contents

GKN Freight Services Limited

Strategic Report

For the year ended 31 December 2022

The Directors present the Strategic Report for the year ended 31 December 2022.

Business Review

GKN Freight Services Limited is a freight management company providing integrated supply chain support solutions, with its services embracing all modes of transport by road, rail, sea and air. We operate in Europe, North and South America and Asia. Revenue in 2022 totalled £83,078,000 (2021: £58,176,000). The higher sales were primarily as a result of recovery in sales volumes across a range of customers, however mainly driven by higher freight costs as a result of the global impact of COVID-19 on supply chain which we passed onto our customers resulting in higher revenue.

	2022 £'000	2021 £'000	**Change £'000**
Gross Profit per Income Statement	**5,015**	4,177	**838**
Gross Profit per Income Statement (%)	**6.0%**	7.2%	

The reduction in the gross profit percentage is due to a higher mix of lower margin sales in the sales volume compared to prior year.

The profit before taxation for the year ended 31 December 2022 amounted to £1,891,000 (2021: £216,000), due to cost controls and reduction in one-off costs of reorganisation and also the profit share agreement coming to its close. Net assets in 2022 increased by £2,612,000 to £9,236,000 (2021: £6,624,000) predominantly as a result of the profit in 2022.

Principal Risks and Uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Melrose Industries plc. Melrose Industries plc's annual report is where we as a Group discuss principal risks and mitigation plans.

Key Performance Indicators
The Company's operations are managed on a divisional basis. For this reason, the Company's 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. The development, performance, and position of the GKN Automotive division, which includes this Company, is discussed on pages 28-29 of the Group's 2022 annual report which does not form part of this report.

Section 172(1) Statement for GKN Freight Services Limited (the "Company") for the year ended 31 December 2022

This statement is made pursuant to sections 414CZA and 426B of The Companies (Miscellaneous Reporting) Regulations 2018 and summarizes how the directors of the Company have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 when performing their duties during the year ended 31 December 2022. This statement also contains the information required by paragraphs 11B and 11C, Part 4, Schedule 7, Large and Medium-sized Companies Regulations 2008 (which requires the directors to summaries how the Company's actions taken during 2022 have encouraged engagement with suppliers, customers and others in a business relationship with the Company).

Background & Purpose of the Company

The Company is part of the wider GKN Automotive business, a global tier 1 supplier to the automotive industry. GKN Automotive manufactures and supplies conventional and electrified drivetrain components for the world's leading vehicle manufacturers. During the year, GKN Automotive was owned by Melrose Industries Plc ("**Melrose**"), an investor in manufacturing businesses, which is headquartered in the UK.

The Company carries out freight management services for the wider GKN Automotive business and for some external customers. The Company principally operates from offices in Uxbridge, UK. In September 2023 it was announced that the GKN Automotive management team have taken the decision to cease the operations of GKN Freight Services Ltd. Freight management activities will instead be handled by the GKN Automotive plants who will work directly with external third party logistics ("3PL") organizations.

The implementation of this plan began in September 2023 and is expected to be complete during 2024. GKN Freight Services is in a positive net asset position with sufficient funds owed by the group to be able settle all of its ongoing liabilities. There will be a solvent wind-up of the business once operations have ceased with all financial obligations being met

How the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires that the directors act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to (a) the likely consequences of any decision in the long term, (b) the interests of the company's employees, (c) the need to foster the company's business relationships with suppliers, customers and others, (d) the impact of the company's operations on the community and the environment, (e) the desirability of the company maintaining a reputation for high standards of business conduct, and (f) the need to act fairly as between members of the company. This statement considers the matter set out in section 172(1)(a) to (f) in turn.

(a) The likely consequences of any decision in the long term

Following the decision in 2023 to wind up the activities of GKN Freight Services Limited, the Directors' focus has been on an orderly wind-up of the Company.

(b) The interests of the company's employees

The Company employs approximately 40 employees, most of whom work from its offices in Uxbridge, UK. GKN Automotive places the interests of its employees at the heart of its decision making and is committed to creating an equitable employee experience that will enable high engagement, performance, retention and reputation. Reflecting this, in 2022, GKN Automotive undertook a full census employee survey which was a key enabler for the Company to continually engage with its employees and with the employees of the wider GKN Automotive business, ensuring that their voice was heard.

During the year, GKN Automotive and the Company continued to place a high focus on communicating with the Company's employees in order to keep them informed about the performance of the business and to keep connected. This included regular 'town hall' calls with employees, at which a range of information was communicated. In addition, and in accordance with GKN Automotive's normal practice, during 2022, the GKN Automotive Executive Team, including the majority of the directors, held monthly calls with approximately 100 of the most senior employees from across the GKN Automotive business, including employees of the Company. The purpose of these calls was to cascade information to these employees which was then further cascaded to their teams, and to provide an opportunity for questions and feedback to the GKN Automotive Executive Team. This is a keyway in which the directors regards the interests of GKN Automotive employees in its decision making.

Whilst the company does not operate a share-incentive scheme, employees are encouraged to be involved in GKN Automotive's performance through reward and incentive initiatives, from long-term incentive plans designed to incentivise long term value creation, to bonus schemes linked to GKN Automotive's annual financial performance. The HR function also supports a talent review process to ensure that GKN Automotive has the right people in the right roles, with the right development opportunities, for now and for the future.

GKN Automotive operates a confidential external whistleblowing hotline where employees can report any concerns anonymously. Feedback from this hotline was reviewed by the Executive Committee (including most of the directors) during 2022.

GKN Automotive and the Company employ a number of measures for providing employees systematically with information on matters of concern to them as employees. These include: (a) CEO and management conference calls; (b) intranet and e-mail announcements; (c) information placed on notice boards; and (d) line-manager communication and team meetings. Although the Company, does not have a unionized workforce or recognize any trade union, the Company is represented at the GKN Automotive European Works Council by an elected representative for the UK.

Following the September 2023 announcement of cessation of operations of the Company, the focus of engagement with employees will be on conducting an orderly closure process on the basis to be agreed with the employees' representatives. As part of that process, the Company will engage extensively with its employees, with its primary focus being on assisting employees in finding alternative employment opportunities

(c) The need to foster the company's business relationships with suppliers, customers and others

The majority of the Company's customers are other companies within GKN Automotive, for whom the Company provides freight management services. Engagement with those 'internal' customers is part of the Company's Day to day business. The Company's suppliers are principally transportation providers, who are managed by the global GKN Automotive procurement function. As part of the wind-up process, the Company will engage extensively with customers, suppliers and other stakeholders to ensure the process is handled in a smooth and orderly manner, and in a manner which preserves and enhances GKN Automotive's wider reputation as a responsible business owner.

(d) The impact of the company's operations on the community and the environment

Environmental, Social and Governance (ESG) is a key strategic focus for GKN Automotive. Our focus derives from the fact that not only is it the right thing to do, but also because it is important to our people, and increasingly a consideration for GKN Automotive's customers when they are awarding business. Both our customer scorecards, and our customer sourcing decisions, increasingly include environmental and social considerations in their assessment. That continues to inform decision making throughout GKN Automotive and within the Company.

During 2022, GKN Automotive continued to implement its ESG strategy. The strategy comprises 4 strategic pillars. Our People (inspiring our people to reach their full potential in a safe and inclusive environment, developing talent for the next generation);

Climate Action (decarbonizing our products and operations through innovation, resource efficiency and waste management); Responsible Sourcing (working with our suppliers to uphold our values and adhere to the social and environmental standards required of them, collectively driving positive change); and Our Impact (delivering a positive impact upon society through our products and services and positively contributing to our local communities around the world). These pillars are underpinned by a strong focus on Ethics, Compliance, Safety and Security. This ESG strategy is focused, amongst other things, on ensuring that the activities of GKN Automotive impact positively on the community and the environment.

The Company will continue to abide by these principles as the wind-up progresses, and to ensure that the process has no adverse impact on the community or environment.

(e) The desirability of the company maintaining a reputation for high standards of business conduct

GKN Automotive's reputation as an honest and ethical supplier is crucial to our future success. Our customers' policies require that they only source from suppliers which have the highest ethical standards and failing to meet those standards could severely damage our business. The directors therefore continually have regard to this in their decision making. Specifically, it informs decisions as to how we manage and train our employees, whether to enter into new markets, deal with customers or suppliers, or employ (or retain the employment of) certain individuals.

During 2022, GKN Automotive operated under its code of conduct known as Our Code. Our Code was a key part of GKN Automotive's compliance and governance arrangements and set out the standards of behavior expected of the Company and its employees. This includes respecting and protecting each other and our business, behaving ethically and lawfully, and caring for our communities and our world. We also cascade our ethical standards to our suppliers, via our Supplier Code of Conduct, which sets out the minimum ethical standards expected from all GKN Automotive suppliers. The Supplier Code of Conduct forms part of our terms and conditions with our suppliers and requires that they maintain high ethical standards, refrain from engaging in any bribery and corruption, engaging in forced or bonded labour, comply with health and safety laws and all laws and regulations in the countries in which they operate. The Company ensures that the GKN Automotive requirements are adhered to by way of training and ongoing compliance awareness.

GKN Automotive engages external audit firms to monitor and verify both financial and non-financial performance and controls. This includes a range of audits, including health and safety audits, to which the Company is subject.

Through what will be a difficult winding-up process the Company is committed to ensuring that it conducts itself in a way which reflects its reputation for high standards of business conduct.

(f) The need to act fairly between members of the company

The Company has only one member, GKN Industries Limited, which during the year was indirectly 100% owned by Melrose Industries plc. During the year there was therefore no actual or potential conflict between the interests of any members of the Company.

Future Outlook

Following a thorough review, it was announced in September 2023 that the GKN Automotive management team have taken the decision to cease operations of GKN Freight Services Ltd. Freight management activities will instead be handled by the GKN Automotive plants who will work directly with external 3rd party logistics organisations. The implementation begins in September 2023 and is expected to be complete during 2024. GKN Freight Services is in a positive net asset position with sufficient funds owed by the group to be able to settle all of it's ongoing liabilities. There will be a solvent wind-up of the business once operations have ceased with all financial obligations being met.

Approved by the Board on 28 September 2023 and signed on its behalf by:

G. Nagle

Mr Gary Nagle
Director
GKN Freight Services Limited
2100 The Crescent,
Birmingham Business Park,
Birmingham,
West Midlands,
United Kingdom,
B37 7YE

Directors' Report

For the year ended 31 December 2022

The Directors present the Directors' Report and the audited Financial Statements for the year ended 31 December 2022.

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 J Crawford (resigned 20 April 2023)
Mr G Barnes (resigned 20 April 2023)
Mr M Richards (resigned 20 April 2023)
Mr G Morgan (resigned 20 April 2023)
Mr G Nagle
Ms D Rasmussen
Ms J Mcleod (appointed 20 April 2023)

Financial results

The income statement of the Company shows a profit for the financial year of £1,903,000 (2021: profit of £402,000).

Going Concern

At 31 December 2022, the Company was a subsidiary of Melrose Industries PLC, a global manufacturing and engineering group. The 2022 Annual Report of Melrose Industries PLC disclosed that the Group had headroom on its multi-currency committed revolving credit facility of £2.6 billion, when applying the exchange rates at 31 December 2022.

On 20 April 2023, Melrose Industries PLC demerged a newly formed group, Dowlais Group plc (the "Dowlais Group"), which is the new ultimate parent of the Company. In assessing going concern, the Company has taken into account a multi-currency committed revolving credit facility of £1.8 billion within the Dowlais Group, which was entered into upon its demerger from Melrose Industries PLC.

At 31 December 2022, the Dowlais Group had recognised cash balances of £263 million (net of overdrafts), and is forecast to record positive operating cashflows for 2023 and 2024. It is considered that this multi-currency committed revolving credit facility provides sufficient liquidity for the going concern period.

The Company has received a letter of support for the 12 months from the date of approval of the accounts from its parent undertaking, and, as described above, the directors are satisfied that the parent undertaking has sufficient liquidity to provide such support.

At 31 December 2022, the Company had net assets of £9,236,000 (2021: £6,624,000). The company does not hold a cash balance as there is a facility within the group where all cash balances are swept into the central treasury function, however at the end of the year its cash balance was £155,000 (2021: £142,000) due to recording of cash in transit. The treasury balances are held by another group undertaking and amount to £18,527,000 at 31 December 2022 (2021: £10,261,000). The treasury balance can be drawn upon at any time to fund working capital requirements.

In September 2023 it was announced that the Company's trading operations will cease and the Company will be wound up at a future date to be determined. The Directors have reviewed the Cashflow Forecasts for the going concern period of 12 months from the date of approval of these financial statements and believe that the company will have sufficient funds to meet its liabilities as they fall due for that period. Although the Company will continue to meet its obligations as they become due, due to the planned cessation of the Company's principal activity, the directors have prepared the financial statements on a basis other than going concern. Further details can be found in Note 1 to the accounts. No adjustments arose as a result of ceasing to apply the going concern assumption.

Dividends

No interim dividend was paid for the year ended 31 December 2022 (2021: £nil). The Directors have not proposed a final dividend for the year ended 31 December 2022 (2021: £nil).

The dividend in respect of the Company's 6% cumulative preference shares was waived. It has been nil for the year ended 31 December 2022 (2021: £nil).

Future developments

In September 2023 that the GKN Automotive management team have taken the decision to cease operations of GKN Freight Services Ltd.

Events after the balance sheet date

Following a thorough review, it was announced in September 2023 that the GKN Automotive management team have taken the decision to cease operations of GKN Freight Services Ltd. Freight management activities will instead be handled by the GKN Automotive plants who will work directly with external Third party logistics organisations.

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 Melrose Industries 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, price risk, credit risk, cash flow risk, foreign exchange risk and liquidity risk, all of which are managed centrally by the Melrose Industries plc Group Treasury function, are discussed in the Director's report on pages 40 to 49 of the annual report of Melrose Industries 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 Melrose Industries Plc policies and guidance.

Branches

The company had branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

Brazil

Directors' indemnities

Pursuant to the 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 in respect of costs of defending claims against them and third-party liabilities. These provisions, deemed to be qualifying third-party indemnity provisions pursuant to section 234 of the Companies Act 2006, were in force during the year ended 31 December 2022 and remains 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 is available for inspection at the group's registered office during normal business hours.

Independent Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 28 September 2023 and signed on its behalf by:

G. Nagle

Mr Gary Nagle
Director
GKN Freight Services Limited
2100 The Crescent,
Birmingham Business Park,
Birmingham,
West Midlands,
United Kingdom,
B37 7YE

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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.

The directors 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 GKN FREIGHT SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GKN Freight Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as of 31 December 2022 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 of GKN Freight Services Limited (the 'company') which comprise:

- the Income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; 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.

Emphasis of matter — Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 GKN FREIGHT SERVICES 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included regulatory solvency requirements and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Agreeing revenue recognized around the year end to supporting documentation and assessing whether recognition was in the appropriate period; and
- Testing the design and implementation of key controls

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.
In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit report and reviewing correspondence with HMRC

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.

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

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.

Lucy Openshaw

Lucy Openshaw, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 September 2023

Income Statement

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	2	83,078	58,176
Cost of sales		(78,063)	(53,999)
Gross profit		**5,015**	**4,177**
Operating expenses		(4,274)	(4,404)
Operating Profit/(Loss)		**741**	**(227)**
Other income	3	**1,066**	**462**
Interest payable and similar charges		**(4)**	(4)
Interest expense on lease liability		**(12)**	(15)
Interest receivable and similar income		**100**	-
Net financing income/(costs)	4	**84**	**(19)**
Profit/(Loss) before taxation	5	**1,891**	**216**
Taxation credit	6	**12**	**186**
Profit for the financial year		**1,903**	**402**

Revenue and operating profit are all derived from continuing operations.

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Profit for the financial year		**1,903**	402
Items that will not be reclassified to profit or loss			
Exchange adjustments in reserves		**710**	53
Total other comprehensive Income		**710**	53
Total comprehensive Income for the year		**2,613**	455

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

Balance Sheet

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	**353**	479
Deferred tax assets	6	**705**	693
		1,058	1,172
Current assets			
Trade and other receivables	9	**26,757**	17,311
Cash at bank and in hand		**155**	142
		26,912	17,453
Total assets		**27,970**	18,625
Current liabilities			
Trade and other payables	10	**(18,348)**	(11,472)
Lease obligations	13	**(147)**	(144)
		(18,495)	(11,616)
Net current assets		**8,417**	5,837
Total assets less current liabilities		**9,475**	7,009
Non-current liabilities			
Lease obligations	13	**(238)**	(385)
Net assets		**9,236**	6,624
Shareholder's equity			
Called up share capital	12	**129**	129
Share premium account	12	**4,950**	4,950
Retained earnings	12	**4,157**	1,545
Total equity		**9,236**	6,624

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements of GKN Freight Services Limited (registered number 00056211) were approved by the board of directors and authorised for issue on 28 September 2023. They were signed on its behalf by:

Mr Gary Nagle
Director
GKN Freight Services Limited
2100 The Crescent,
Birmingham Business Park,
Birmingham,
West Midlands,
United Kingdom,
B37 7YE

Statement of Changes in Equity

For the year ended 31 December 2022

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021	129	4,950	1,089	6,168
Profit for the financial year	-	-	402	402
Other comprehensive income				
Exchange adjustment income in reserve	-	-	53	53
Total comprehensive income for the year	-	-	455	455
At 31 December 2021	129	4,950	1,544	6,623
At 1 January 2022	**129**	**4,950**	**1,544**	**6,623**
Profit for the financial year	-	-	**1,903**	**1,903**
Other comprehensive income				
Exchange adjustment income in reserve	-	-	**710**	**710**
Total comprehensive income for the year	-	-	**2,613**	**2,613**
At 31 December 2022	**129**	**4,950**	**4,157**	**9,236**

The accompanying notes on pages 15 to 24 are an integral part of these financial statements.

1 Accounting policies and presentation

GKN Freight Services Limited (the company) is a private company limited by shares, incorporated and domiciled in the UK, and registered in England and Wales with the registration number 00056211. Its registered office is 2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, United Kingdom, B37 7YE.

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

Basis of preparation
These statements have been prepared on a basis other than going concern, under the historical cost convention except where other measurement bases are required to be applied and in accordance with IFRS under Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. In accordance with FRS 101, the Company has taken advantage of the exemption not to disclose transactions with related parties. The Company's net assets as at 31 December 2022 of £8,417,000 (2021: £5,837,000). The company continues to receive ongoing support of GKN Industries Limited.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These statements have been prepared using all standards and interpretations required for financial periods beginning 1 January 2022. No standards or interpretations have been adopted before the required implementation date.

Exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101.

The following exemptions have been applied in accordance with FRS 101, as the relevant disclosure is contained in the Group Financial Statements of Melrose Industries plc:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)

- IFRS 7, 'Financial Instruments: Disclosures'

- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

The following exemptions have been applied in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  paragraph 79(a)(iv) of IAS 1
  paragraph 73(e) of IAS 16 Property, plant and equipment

- The following paragraphs of IAS 1, 'Presentation of financial statements':

  - 10(d), (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for a minimum of two primary statements, including cash flow statements and notes)
  - 38B-D (additional comparative information)
  - 40A-D (requirements for a third balance sheet)
  - 111 (cash flow statement information)
  - 134-136 (capital management disclosures)

- IAS 7, 'Statement of cash flows'

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation)

1 Accounting policies and presentation (continued)

Going Concern
The directors have assessed that the Company's principal activities will cease during 2024 and the Company will be wound up at a future date to be determined. Consequently, the financial statements have been prepared on a basis other than going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

The GKN Automotive management team have taken the decision to cease operations of GKN Freight Services Ltd. Freight management activities will instead be handled by the GKN Automotive plants who will work directly with external Third party logistics organisations.

At 31 December 2022, the Company had net assets of £9,236,000 (2021: £6,624,000). The company does not hold a cash balance as there is a facility within the group where all cash balances are swept into the central treasury function, however at the end of the year its cash balance was £155,000 (2021: £142,000) due to recording of cash in transit. The treasury balances are held by another group undertaking and amount to £18,527,000 at 31 December 2022 (2021: £10,261,000). The treasury balance can be drawn upon at any time to fund working capital requirements.

Pensions and post-employment benefits
The Company operates a defined contribution scheme for which the cost charged to the income statement represents the Group's contributions to the relevant scheme in the year in which they fall due.

Whilst some ex-employees are members of the former GKN defined benefit pension schemes, those schemes are not administered by GKN Freight Services Limited and no active employees of the Company are accruing benefits under those schemes.

Presentation of the income statement
IFRS is not fully prescriptive as to the format of the income statement. Line items and subtotals have been presented on the face of the income statement in addition to those required under IFRS.

Operating profit is profit before discontinued operations, taxation and finance costs. In order to achieve consistency and comparability between reporting periods, operating profit is analysed to show separately the results of normal trading performance and individually significant charges and credits. Such items arise because of their size or nature and comprise:

- asset impairment and restructuring charges which arise from events that are significant to the Company;
- changes in the fair value of derivative financial instruments and material currency translation movements arising on intra-group funding;
- income from investments in joint ventures;
- the impact of annual impairment review of investments;
- gains or losses on disposal of investments in subsidiaries; and
- significant pension scheme curtailments and settlements.

Net financing costs are analysed to show separately interest payable, interest receivable and other net financing charges. Other net financing charges include the interest charge on net defined benefit plans, specific changes in fair value on cash flow hedges and unwind of discounts on fair value amounts established on business combinations.

Grant Income
Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

1 Accounting policies and presentation (continued)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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 revenue and input costs.

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.

Reserves at the end of the financial year are translated at closing foreign exchange rates at the date of the balance sheet with any resulting exchange differences being recognised in other comprehensive income.

Revenue recognition
Revenue
Revenue from services is measured at the fair value of the consideration receivable which generally equates to the invoiced amount, excluding sales taxes and net of allowances for returns, early settlement discounts and rebates.

For exports, revenue is recognised once the cargo has departed from origin country and for Imports once the cargo has arrived at the destination country.

Other income
Interest income is recognised using the effective interest method.

Property, Plant and Equipment
Property, plant and equipment is stated at cost less accumulated depreciation and impairment charges.

Cost
Cost comprises the purchase price plus costs directly incurred in bringing the asset into use. 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 capital work in progress. In the case of all other categories of plant and equipment, depreciation is provided on a straight-line basis over the course of the financial year from the date the asset is available for use.

Depreciation is applied to specific classes of asset so as to reduce them to their residual values over their estimated useful lives, which are reviewed annually.

The range of depreciation lives are:

	Years
Plant and Equipment	6 to15

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Plant and equipment are reviewed at least annually for indications of impairment. Impairments are charged to the income statement. Similarly, where property, plant and equipment has been impaired and subsequent reviews demonstrate the recoverable value is in excess of the impaired value an impairment reversal is recorded. The amount of the reversal cannot exceed the theoretical net book amount at the date of the reversal had the item not been impaired. Impairment reversals are credited to the income statement against the same line item to which the impairment was previously charged.

1 Accounting policies and presentation (continued)

Financial assets and liabilities
Financial liabilities are recorded in arrangements where payments, or similar transfers of financial resources, are unavoidable or guaranteed.

Borrowings are measured initially at fair value which usually equates to proceeds received and includes transaction costs. Borrowings are subsequently measured at amortised cost.

Cash and cash equivalents comprise cash on hand and demand deposits, and overdrafts together with highly liquid investments of less than 90 days maturity. Other financial assets comprise investments with more than 90 days until maturity. Unless an enforceable right of set-off exists and there is an intention to net settle, the components of cash and cash equivalents are reflected on a gross basis in the balance sheet.

Other financial assets and liabilities, including short term receivables and payables, are initially recognised at fair value and subsequently measured at amortised cost less any impairment provision unless the impact of the time value of money is considered to be material.

Impairment
For trade and other receivables, contract assets and amounts due from equity accounted investments, 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.

Taxation
Current tax and deferred tax are recognised in the income statement unless they relate to items recognised directly in other comprehensive income, when the related tax is also recognised in other comprehensive income. The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.
A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax
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 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 reporting 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 reporting 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.

Current tax and deferred tax for the year
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.

Full provision is made for deferred tax on all temporary differences resulting from the difference between the carrying value of an asset or liability in the consolidated financial statements and its tax base.

1 Accounting policies and presentation (continued)

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the property, plant and equipment line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

1 Accounting policies and presentation (continued)

Leases (continued)

the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Critical judgements

There are no judgements in preparation of the financial statements that management have deemed to be critical.

Key sources of estimation uncertainty

The Company's significant accounting policies are set out above. The preparation of financial statements, in conformity with FRS 101 "Reduced Disclosure Framework", requires the use of estimates, subjective judgement and assumptions that may affect the amounts of assets and liabilities at the balance sheet date and reported profit and earnings for the year. The Directors base these estimates and assumptions on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance. We do not believe that there are significant areas of estimation within the financial statements.

2 Revenue

The Company derives its revenue from the provision of services which fall within the Company's ordinary activity - that of providing integrated supply chain support solutions in freight forwarding. An analysis of revenue by geographical location by destination is given below:

	United Kingdom	USA	Europe	Other countries	Total non-UK	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2022						
Revenue	**3,367**	**33,703**	**36,226**	**9,782**	**79,711**	**83,078**
2021						
Revenue	4,817	14,983	32,082	6,294	53,359	58,176

3 Other income

Other income is a recharge of central costs to GKN Freight Services Inc.

4 Net financing costs

		2022	2021
		£'000	£'000
(a)	**Interest payable and similar charges**		
	Short term bank and other borrowings – group undertakings	**(4)**	(4)
	Interest expense on lease liability	**(12)**	(15)
	Interest receivable and similar income		
	Short term investments, loans and deposits – group undertakings	**100**	-
	Net interest payable and receivable	**84**	(19)
	Net financing costs	**84**	(19)

5 Profit/(Loss) before taxation

The analysis of the additional components of operating (loss)/profit is shown below:

	2022 £'000	2021 £'000
Staff costs (note 7)	**(2,895)**	(2,694)
Reorganisation costs - footnote (i):		
Redundancy and other employee related amounts	**-**	(68)
Depreciation of property, plant and equipment	**(18)**	(18)
Depreciation of right-of-use assets	**(108)**	(108)
Interest expense of lease liabilities:		
Property	**(12)**	(15)
Audit fees payable to the Company's auditor - footnote (ii)	**(77)**	(68)
Other costs	**(1,509)**	(1,443)
Net exchange gain (loss) on foreign currency transactions	**333**	(5)

(i) Reorganisation costs reflect actions in the ordinary course of business to reduce costs and improve productivity.

(ii) All fees payable to the Company's auditors relate to the audit of the financial statements. All fees payable have been charged to the income statement.

6 Taxation

(a) Analysis of tax credit in the year

	2022 £'000	2021 £'000
Deferred tax		
Origination and reversal of temporary differences		
- current year	**(12)**	(186)
- adjustments in respect of prior years	**-**	-
Total deferred tax (credit)	**(12)**	(186)
Taxation (credit) on Profit	**(12)**	(186)

(b) Factors affecting the tax credit in the year

The tax assessed for the year is different to (2021: different to) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	**1,891**	216
Profit multiplied by the standard UK corporation rate of 19% (2021: 19%)	**359**	41
Tax effect of expenditure not deductible/(income not taxable) in determining taxable profits	**-**	46
Effect of rate change on deferred tax	**(3)**	(166)
Group relief surrendered at nil rate	**(368)**	(107)
Total tax (credit) for the year	**(12)**	(186)

The rate of UK corporation tax for the year ended 31 December 2022 was 19%. The Finance Act 2021, included an increase in the UK corporation tax rate to 25% with effect from 1 April 2023. As this change had been enacted at the balance sheet date, the closing deferred tax balances have been recognised using the 25% rate to the extent that the deductible or taxable temporary differences will reverse post 1 April 2023.

(c) Recognised deferred tax

£'000	Fixed asset timing differences	Other	Total
At 1 January 2022	606	87	693
Included in the income statement	5	7	12
Included in other comprehensive income	-	-	-
At 31 December 2022	**611**	**94**	**705**
At 1 January 2021	458	49	507
Included in the income statement	148	38	186
Included in other comprehensive income	-	-	-
At 31 December 2021	**606**	**87**	**693**

Deferred tax assets are recognised where, based on management projections, the future availability of taxable profits to absorb the deductions before any applicable time limits expire is probable.

7 Employees including Directors

(a) Employee benefit expense

	2022 £'000	2021 £'000
Wages and salaries	**2,498**	2,337
Social security costs	**218**	204
Other pension costs	**179**	153
	2,895	2,694

Average monthly number of employees (including Executive Directors)

	2022 Number	2021 Number
Administration and support	**51**	**51**

(b) Directors' emoluments

	2022 £'000	2021 £'000
Aggregate remuneration	**109**	90
Aggregate Company contributions to pension schemes	**7**	6
	116	**96**

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 highest paid director's remuneration in the reporting period was £72,534.

During 2022, there was no payment in respect of loss of office (2021: £nil).

Directors are entitled to receive benefits under the defined contribution section of the Scheme.

GKN makes contributions to the defined contribution section of the Scheme in respect of qualifying services for 2 Directors. GKN pays a multiple of an individual's contribution depending on the individual's grade.

8 Property, plant and equipment

	Right-of-use Assets £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2022	740	169	909
At 31 December 2022	**740**	**169**	**909**
Accumulated depreciation			
At 1 January 2022	324	106	430
Charge for the year	136	18	154
Rent free period accrual release	(28)	-	(28)
Disposals	-	-	-
At 31 December 2022	432	124	556
Net book amount at 31 December 2022	**308**	**45**	**353**
Net book amount at 31 December 2021	416	63	479

Right-of-use assets is comprised of net book value of right-of-use office space and plant and equipment is comprised entirely of furniture, fixtures and fittings.

Right-of-use assets			
IFRS 16 transition adjustment	929	-	929
Depreciation charges cumulative	(544)	-	(544)
Rent free period accrual balance cumulative	(77)	-	(77)
Net book amount at 31 December 2022	**308**	**-**	**308**

9 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	**2,904**	1,640
Amounts due from other group undertakings	**12,122**	10,981
Amounts due from parent – Loan	**11,427**	4,235
Prepayments and accrued income	**304**	455
	26,757	17,311

Trade receivables are stated after provisions for impairment of £393,000 (2021: £345,000).
Amounts due from Group are unsecured, have no fixed date of repayment and are repayable on demand. Interest is only charged on the loan due from parent at variable market rate determined by Melrose Industries plc treasury.

10 Trade and other payables

	2022 £'000	2021 £'000
Trade creditors	**(11,798)**	(6,282)
Amounts due to other group undertakings – Trade	**(346)**	(157)
Amounts due to other group undertakings – Recharges	**-**	(54)
Accruals and deferred income	**(6,107)**	(4,892)
Other taxes and social security	**(96)**	(87)
	(18,347)	(11,472)

Amounts owed to Group are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11 Defined Contribution schemes

The charge to the income statement in the year from the defined contribution scheme was £153,000 (2021: £133,000). Additionally, £26,000 (2021: £20,000) were leveraged as a result of pension related payroll costs charges leveraged to the business by other entities in the group.

12 Called up share capital and reserves

	2022		2021	
	Number	**£'000**	Number	£'000
Authorised				
Ordinary shares of £5 each	**20,000**	**100**	20,000	100
6% cumulative non-redeemable preference shares of £5 each	**10,000**	**50**	10,000	50
At 1 January and 31 December	**30,000**	**150**	30,000	150
Allotted, called up and fully paid				
Ordinary shares of £5 each	**20,000**	**100**	20,000	100
6% cumulative non-redeemable preference shares of £5 each	**5,795**	**29**	5,795	29
At 1 January and 31 December	**25,795**	**129**	25,795	129

The 6% cumulative preference shares are non-redeemable and have restricted voting rights with a priority on winding up to capital and dividends in arrears. The dividend for the year ended 31 December 2022 was waived (2021: waived).

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Retained earnings reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

13 Lease obligations

Amounts payable under lease obligations:

	2022 £'000	2021 £'000
Amounts payable:		
Within one year	**155**	155
After one year but within five years	**245**	400
Over five years	**-**	-
Less: future finance charges	**(14)**	(26)
Present value of lease obligations	**386**	529

	2022 £'000	2021 £'000
Analysed as:		
Amounts due for settlement within one year	**147**	144
Amounts due for settlement after more than one year	**239**	385
	386	529

Amounts paid in the current period:		
Cash outflows	155	155
Less: finance charges	(12)	(15)
Present value of lease paid in the current period	**143**	**140**

The Company recognised £929,207 of lease liabilities on adoption of IFRS 16 on 1 January 2019. There was a corresponding right-of-use asset, shown in property, plant and equipment in note 8. The remaining average lease term is 2.83 years. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

14 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 other than transactions with key management personnel, who are defined to be the board of directors, as disclosed in note 7.

15 Controlling parties

The immediate parent is GKN Industries Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party at the time of approving the financial statements is Melrose Industries plc.
The parent of the smallest and largest group in which these results are consolidated is Melrose Industries plc. Consolidated financial statements of Melrose Industries plc are available from 11th Floor, The Colmore Building, Colmore Circus Queensway, Birmingham, B4 6AT, which is also the registered address of this Company.

16 Post balance sheet events

There were no material events of an adjusting nature after the reporting year to report on these financial statements.

On 20 April 2023, Melrose Industries PLC demerged a newly formed group, Dowlais Group plc (the "Dowlais Group"), which is the new ultimate parent of the Company

Following a thorough review, it was announced in September 2023 that the GKN Automotive management team have taken the decision to cease operations of GKN Freight Services Ltd. Freight management activities will instead be handled by the GKN Automotive plants who will work directly with external Third party logistics organisations. The closure of operations begins in September 2023 and is expected to be completed during 2024. GKN Freight Services is in a positive net asset position with sufficient funds owed by the group to be able settle all of it's ongoing liabilities. There will be a solvent wind-up of the business once operations have ceased with all financial obligations being met. Liabilities arising from redundancies are considered not an adjusting event as the facts and circumstances only arose after period end.