Registered Number: 00066549

GKN Holdings Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

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Strategic Report

For the year ended 31 December 2021

The Directors present the Strategic Report for the year ended 31 December 2021.

Principal activity

The Company is an investment holding company for substantially all of the businesses in the GKN sub group. In addition, the Company holds the Bond facilities issued by the GKN group, with the remaining two having maturity dates in 2022 and 2032.

The Directors do not expect any change in this activity in the foreseeable future.

A buy-out of the GKN UK 2016 Pension Plan, for which GKN Holdings Limited was the sponsor company, was performed during the year with the remaining liabilities, for the members who were not part of the buy-out, along with the residual assets, transferred to its subsidiary GKN Automotive Limited. Further detail is contained in Note 11.

Business Review

The Company shows a loss after tax of £30 million (2020: £37 million), primarily due to finance costs associated with the Bond facilities and loans with subsidiaries.

Principal Risks and Uncertainties

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

Credit Risk

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

The Company's credit risk is primarily attributable to its receivables owed by other Group undertakings. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an expected loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity Risk

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

Going concern

The financial statements have been prepared on a going concern basis. The Company's forecasts show that it expects to be able to continue to operate for the next 12 months from the date of the approval of these financial statements. The Company is a subsidiary of Melrose Industries PLC, a global manufacturing and engineering group. The 2021 Annual Report of Melrose Industries PLC disclosed that the Group had significant headroom on its multi-currency committed revolving credit facility of £3 billion, when applying the exchange rates at 31 December 2021. Headroom is largely unchanged through to the date of these accounts and there remains sufficient headroom throughout the going concern forecast period.

The Company does rely on continued support from fellow subsidiaries within the Melrose Group, in the context of recovery of intercompany receivables.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

Approved by the Board on 5 May 2022 and signed on its behalf by:

G E Barnes
Director
GKN Holdings Limited
Registration number: 00066549

Directors' Report

For the year ended 31 December 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021. An indication of likely future developments in the business of the Company is included in the Strategic Report. Information on the financial risk management and going concern are also included in the Strategic Report.

Directors of the Company

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

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

No Director had a beneficial interest in the share capital of the Company or any of its subsidiaries, except for the fact that each Director as at 31 December 2021 held shares and/or conditional awards in respect of ordinary shares in Melrose Industries PLC, the ultimate parent company and controlling party, and therefore had an indirect beneficial interest in the Company.

Dividends

The Directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2021 (year ended 31 December 2020: £nil). There was no interim dividend payment for the year ended 31 December 2021 (year ended 31 December 2020: £nil).

Directors' liabilities

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

Section 172 statement

This is an overview of how the Directors performed their duty to promote the success of the Company under section 172 of the Companies Act 2006 ("section 172").

Duty to promote the success of the Company

In executing the Company's strategy, the Directors must act in accordance with the set of general duties detailed in section 172. These include a duty to promote the success of the Company, and specifically to act in a way that the Director considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, having regard to (amongst other matters) the factors set out in section 172(1)(a-f):

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.

We set out in this statement the details of who we consider to be our key stakeholders, how we have engaged with them during the year, and the outcomes of these processes.
The following information has been prepared in line with Melrose Industries PLC's group reporting given the strong association between the Company and its wider group with consistent applicability of strategy.

Our purpose, strategy and values

Melrose, the parent, was founded in 2003 to empower businesses to unlock their full potential for the benefit of all stakeholders, whilst providing shareholders with an above-average return on their investment. This has been delivered through our "Buy, Improve, Sell" strategy, whereby we acquire high quality but underperforming manufacturing businesses and set out to solve chronic issues within those businesses, in order to set them on the pathway to future success. We invest in them heavily to improve performance and productivity, so that they become stronger, better businesses under our responsible stewardship. At the appropriate time, we find them a new home for the next stage of their development and return the proceeds to shareholders.
The Company's purpose and strategy remain underpinned by the principles and values on which it was founded. We act with integrity, honesty, transparency and decisiveness, and believe in a lean operating model, high productivity and sustainable business practices. Although we know our businesses will not be part of the Group for the long-term, we act as responsible stewards, investing as if we are going to own them forever, and we see this as an important step on their pathway to long-term sustainable success. We provide the focus and investment to improve our businesses' financial performance, through operational improvements, by driving growth and profitability, and by investing in research and development to make the businesses more sustainable. We also recognise that the building of stronger businesses encompasses a wide range of non-financial areas including risk management and ethics and compliance, and we have worked with the businesses to set meaningful sustainability targets alongside financial metrics.

Directors' Report (continued)
For the year ended 31 December 2021

These actions benefit their long-term future, and benefit all stakeholders. We hold each business and their management team accountable for their progress against agreed sustainability targets. We do not shy away from difficult decisions, but understand these decisions can have a material impact on certain stakeholders, who we look to treat fairly, whatever the outcome. We provide the space and resources to empower people to perform and reward them well when they do. These principles lie at the heart of our success, and are the basis on which we strive for future success.

The Board is ultimately accountable to the Company's shareholders for setting the strategy, taking into account the principal risks facing the Company, and for overseeing the Company's financial and operational performance in line with Melrose's strategic objectives. Implementation of the Company's strategic objectives, as determined and overseen by the Board, is delegated to the Melrose senior management team, and with day-to-day operational management delegated to the business unit executive teams. The Board has established an organisational structure with clear reporting procedures, lines of responsibility and delegated authority, and in line with the Company's governance framework, which the Board reviews regularly.

Maintaining a reputation for high standards of business conduct
The Board recognises that culture, values and standards are key contributors to how a company creates and sustains value over the long-term, and to enable it to maintain a reputation for high standards of business conduct. High standards of business conduct guide and assist in the Board's decision-making, and in doing so, help promote the Company's success, recognising, amongst other things, the likely consequences of any decision in the long-term and wider stakeholder considerations. The standards set by the Board mandate certain requirements and behaviours with regards to the activities of the Directors, the Company's employees and others associated with the Company.

Reflecting the decentralised nature of the Group, responsibility for the adoption of policies, practices and initiatives sits at a divisional level, including the Melrose Code of Ethics and Group compliance policies. The Board continues to play an active role in overseeing how the businesses manage compliance, and compliance with the framework is reported on and fed back to the Board, to guide and assist in its decision-making, and to ensure that the business practices of the Group remain aligned with the Company's purpose.

During 2021, the Group continued to work closely with third party audit firms to monitor and verify performance at Group and business unit levels, in respect of both financial and non-financial performance. The outcomes of these processes are reported to the Board. The Board considers it to be of the utmost importance that our businesses continue to uphold the highest standards of business conduct possible, and that they strive for improvements in this area.

Engagement with our key stakeholders in 2021
The Board cultivates strong relationships with the Company's key stakeholders so that it is well placed and sufficiently informed to take their considerations into account when making decisions, where appropriate, in order to discharge their duties and to pursue the Company's strategic objectives. Stakeholder engagement is on the Board's agenda to assess whether the identities and priorities of the Company's principal stakeholders have changed, and whether the Board has sufficient engagement with each principal stakeholder group.

We set out below our key stakeholder groups, along with details of how the Board took them into account in their decision-making in 2021.

Employees
Central to the Group's performance and success is an engaged, capable and passionate workforce. The Workforce Advisory Panel ("WAP") promotes effective engagement with the Group's workforce. The decentralised nature of the Melrose model is reflected in the structure of the WAP, ensuring that the voice of the workforce is heard where it is most effective in the business unit executive decision-making process. The WAP met twice during the year and the outcomes were fed back to the Board accordingly.

Whilst we maintain an open dialogue with employees, they also have an opportunity to raise concerns confidentially and anonymously through Melrose's Group-wide whistleblowing platform. The platform has a multi-lingual online portal, and local hotline numbers that are available 24/7. The integrity of our whistleblowing practices and procedures are an important part of the Group's governance arrangements, and the Audit Committee oversees such practices and procedures to ensure they remain effective. This is ultimately reported into the Board, thus enabling it to have oversight of, and to monitor, culture and practices within the businesses.

We understand that some of the decisions we take in improving our businesses for the long-term benefit of all stakeholders, such as restructurings, can have an impact on employees. These are difficult decisions that we do not take lightly. We undertake thorough event-driven consultations with relevant stakeholders to ensure that the decisions we take are based on a fully informed view of the potential impact on those stakeholders, and we endeavour to achieve the best outcome for the workforce in the circumstances.

Suppliers and customers
It is key to the success of our businesses that they foster positive and open business relationships with their customers and suppliers, and we provide support to them where necessary. Our businesses have worked hard to maintain their strong relationships with suppliers and customers throughout the year, and they are a key focus for our business unit executive teams, who continue to invest heavily in these relationships.

The Board is aware that investors are expecting greater transparency, disclosure and assurances regarding the nature of the supply chains within the businesses they invest in. As described in our Modern Slavery Statement, Melrose itself does not have any global supply chains or employees in high-risk jurisdictions, but we recognise that our businesses do. We have worked closely with our businesses this year to better understand their respective supplier landscapes and we will support them in this area of critical importance during 2022.

Directors' Report (continued)
For the year ended 31 December 2021

During the year, the Board approved the Group's fifth Modern Slavery Statement, and the implementation of a Group-wide Human Rights policy, to supplement our other policies in this area including the Conflict Minerals policy that was implemented in 2020. We remain committed to addressing the potential risks of modern slavery and human rights abuses, to acting in an ethical manner with integrity and transparency in all business dealings, and to investing in the creation of effective systems and controls across the Group to safeguard against adverse human rights impacts. As with supply chains, during the year, no such issues were identified, but we remain vigilant in this regard.

Shareholders
The views of shareholders are reported to the Board to ensure that all members of the Board develop an understanding of the views and any concerns of key shareholders.
Environment and communities
Improving the environmental, social and governance performance of our businesses is central to our "Buy, Improve, Sell" strategy. In light of the importance of this issue both to the Group and to society as a whole, we believe that all Directors should be actively involved and concerned with the Group's efforts and progress in relation to sustainability, and therefore the Board as a whole is responsible for all matters concerning sustainability. The Board continues to remain extremely focused on ensuring that the long-term performance of the Group and its businesses is sustainable.

In 2021, the Board also focused on the risk of climate change to the Group, including this as a new principal Group risk setting our inaugural Group sustainability targets and commitments in line with the UN Sustainable Development Goals and reporting for the first time against all the key areas recommended by the Task Force on Climate-related Financial Disclosures ("TCFD").

Melrose is committed to minimising its carbon footprint and supporting its businesses to drive long-term innovation in their sectors in order to deal with the challenges presented by climate change and the transition to a net zero emissions economy. Although the central Melrose carbon footprint is relatively limited, we offset the emissions that we operate. The Board has continued to support significant investment by the businesses in their development of products and services that deliver environmental improvements and benefits to their customers, which often includes ground-breaking technology.

We recognise the importance of local communities, including where our employees live and the operations of our businesses are based, to the effective operations of our businesses.

Regulators and government bodies
The Group has multiple interactions with regulators and government bodies in a number of jurisdictions across the world, many of which are of strategic importance to the Group's long-term success. In the UK, the Company has regular dialogue with the Department for Business, Energy and Industrial Strategy ("BEIS"), the Ministry of Defence ("MoD") and the UK Panel on Takeovers and Mergers regarding its ongoing compliance.

On the basis of the above, the members of the Board consider, both individually and together, that they have acted in the way 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, having regard to the stakeholders and matters set out in section 172, in the decisions taken during the year ended 31 December 2021.

Disposal of Nortek Air Management, Brush and Nortek Control: shareholders, employees, customers and suppliers, environment and communities
The Brush disposal completed during the year, with an aggregate sale price of approximately £102 million. This has resulted in (for FKI), a doubling of shareholders' money or more on each acquisition, delivering on our strategy of creating significant long-term value for shareholders and achieving above-average returns on their investment.

The disposals are a clear demonstration of the Melrose strategy in action. We built better businesses through significant investment, operational and financial improvements, and by supporting them in their pursuit of product development to establish a sustainable business for the long-term. The Board then determined the appropriate time of sale of the businesses, found them a new home for the next stage of their development, and returned a portion of the proceeds to shareholders.

Brush was the final disposal from the hugely successful FKI acquisition, which has delivered a 2.6x return to shareholders. During our ownership, we completely reshaped the business into a power generation and services business, properly aligning it to the increased importance of the renewable energy sector. The business emerged from its restructuring programmes better shaped and positioned to serve its growing markets, and we found it a new owner who was ready to take the business forward into its next stage.

In taking the decisions necessary to achieve this disposal, on the terms and at the time it did, the Board's focus was primarily on ensuring the maximum disposal proceeds, and therefore in delivering on its strategy to shareholders to deliver above-average returns on their investment. However, as responsible stewards of our businesses, the Board was also keen to ensure that each of the businesses left the Group in a significantly improved position from both a financial and non-financial perspective, for the benefit of all of their stakeholders. As well as delivering an above-average return for shareholders, we have set up the business to deliver long-term and sustainable benefits for their employees, suppliers and customers, and communities.

Directors' Report (continued)

For the year ended 31 December 2021

Disclosure of information to the auditor

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

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

Approved by the Board on 5 May 2022 and signed on its behalf by:

G E Barnes
Director
GKN Holdings Limited
Registration number: 00066549

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework.' Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the members of GKN Holdings Limited

Report on the audit of the financial statements

1. Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

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).

2. 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, we have also 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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of investments in subsidiaries and receivables from Melrose Industries PLC group companies (group) • Complexity of the pension scheme buy-out arrangement Within this report, key audit matters are identified as follows: (!) Newly identified (^) Increased level of risk (<>) Similar level of risk (v) Decreased level of risk
Materiality	The materiality that we used in the current year was £37.8m which was determined on the basis of 3% of the company's net assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	We no longer have a key audit matter in relation to valuation of defined benefit obligation as during the year the company has entered into the pension scheme buy-out arrangement. We have identified the Complexity of the pension scheme buy-out arrangement is a key audit matter this year as the transaction involved a high degree of complexity and the risk of inappropriate derecognition of the retirement benefit obligation. There have been no other significant changes to our approach in the current year.

Independent Auditor's Report to the members of GKN Holdings Limited (continued)

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:
• considered as part of our assessment the nature of the entity, its business model and related risks including where relevant the impact of the Ukraine-Russian war, the requirements of the applicable financial reporting framework and the system of internal control;
• evaluated the directors' assessment of the company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.
• assessed the impact of the wider group going concern status on the company, including consideration of headroom of debt covenants, reasonableness of operating forecasts and management's sensitivity analysis including the performance in a reasonable worst-case scenario; and
• assessed the adequacy of the disclosures provided in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Valuation of investments in subsidiaries and receivables from Melrose Industries PLC group companies (group)

Key audit matter description	The company has investments in subsidiaries of £497 million (2020: £497m) and receivables from group undertakings of £1,674 million (2020: £1,674m) as at 31 December 2021, valued at cost less provision for impairment. These are investments and receivables in the GKN group of companies and are highly material to the company as they account for 99% of total assets. Judgement is required by the directors to assess the recoverable amount of these investments and receivables and any related impairment charge recognised. This takes into consideration a range of factors such as trading performance, net assets value of the underlying subsidiaries, the expected revenue growth, forecast inflation and discount rates. Key assumptions involved are highly sensitive and a small movement can lead to a material impact on the carrying amount of the investments and receivables. Further details are included within significant accounting policies in note 2 and note 7 (investments in subsidiaries) to the financial statements.
How the scope of our audit responded to the key audit matter	We, have: • obtained the most recent audited financial information of the related investments and evaluated whether they supported the carrying value; • assessed the financial position and net assets of the underlying subsidiaries and evaluated the recoverability of investment and receivables; • evaluated the consistency of management's assumptions within the impairment assessment with those applied in the GKN Group's other valuation and forecast models; • challenged management's assumptions relating to the wider 2022 group forecast and later forecast periods with reference to management accounts and evaluated whether there were any indicators of impairment of underlying investments and receivables; and • assessed the disclosures included in the financial statements.

Independent Auditor's Report to the members of GKN Holdings Limited (continued)

Key observations	Based on the work performed we concluded that the carrying value of the investments and receivables is appropriate.

5.2 Complexity of the pension scheme buy-out arrangement

Key audit matter description	During the year a buy-out of pensioner liabilities of the GKN UK 2016 Pension Plan was performed, effective 31 December 2021, resulting in c.8,000 pensioners benefits being secured with insurance companies. This transaction involved a high degree of complexity through its nature and has a direct impact on a large number of company stakeholders who are entitled to the scheme's assets. The Directors have made use of actuarial specialists in performing this transaction. Further details are included within the significant accounting policies in note 2 and note 11 (Retirement benefit obligations) to the financial statements.
How the scope of our audit responded to the key audit matter	We, have: • assessed the competence and objectivity of the qualified actuary engaged by the Group to value the scheme's defined benefits pension position under IAS 19 "Employee benefits" at the time of the buy-out. • engaged with actuarial specialists to identify the proper treatment and ensure the correct derecognition of the GKN 2016 scheme. • performed detailed testing on the values for remeasurement gains or losses through engaging with pension valuation specialists • obtained confirmations of assets and liabilities from the parties involved in the buy-out, as well as checked the terms and conditions associated with the transaction; and • reviewed the financial statements to ensure the proper disclosures are provided.
Key observations	Based on the work performed we concluded that the derecognition of the retirement benefit obligations is reasonable and was performed appropriately.

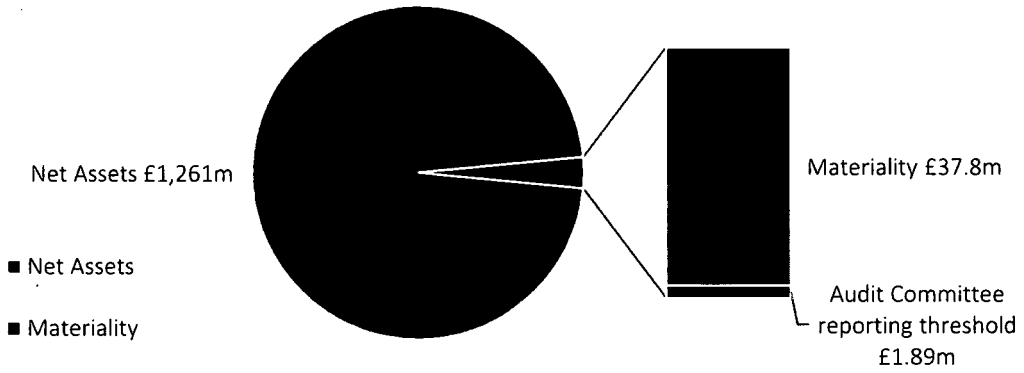
6 Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£37.8m (2020: £39.2m)
Basis for determining materiality	3% of the company's net assets (2020: 3.0% of the Company's net assets)
Rationale for the benchmark applied	We determined materiality based on net assets as this is the key metric used by management, investors, analysts and lenders to assess the value of this company.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2021 audit (2020: 70%). In determining performance materiality, we considered the following factors:

a. *our assessment of the complexity of the company and nature of the company's business model;*
b. *the level of uncorrected misstatements identified in both the current and prior periods; and*
c. *the nature of the company's control environment*

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.89m (2020: £1.9m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

In planning our audit, we have considered the potential impact of climate change on the company's business and its financial statements.

7.2 Our consideration of the control environment

There are limited IT systems that were relevant to the audit due to this entity solely being an intermediary company with limited operations. We obtained an understanding of the relevant controls relating to the financial reporting process.

We have nothing to report in this regard.

8 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.

Independent Auditor's Report to the members of GKN Holdings Limited (continued)

9 Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10 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.

11 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.

11.1 Identifying and assessing potential risks related to irregularities

- In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:
- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement and relevant internal specialists, including tax, valuations and pensions, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.
We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, Listing Rules, pensions legislation and tax legislation.
In addition, we considered provisions of other laws and regulations that 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.

11.2 Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.
Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;

Independent Auditor's Report to the members of GKN Holdings Limited (continued)

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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.

13. Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

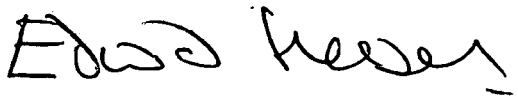
13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14 Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Edward Hanson ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
5 May 2022

Income Statement

For the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Trading loss	3	(8)	(3)
Impairment of investments in subsidiaries	7	-	(1)
Operating loss	3	(8)	(4)
Finance costs		(39)	(40)
Finance income		4	12
Net financing expense	4	(35)	(28)
Loss before tax		(43)	(32)
Tax	5	13	(5)
Loss after tax for the year		(30)	(37)

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

Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Loss after tax for the year		(30)	(37)
Items that will not be reclassified subsequently to the Income Statement:			
Net remeasurement (loss)/gain on retirement benefit obligations	11	(24)	18
Income tax credit/(charge) relating to items that will not be reclassified	5	6	(3)
Other comprehensive (expense)/income for the year		(18)	15
Total comprehensive expense for the year		(48)	(22)

Balance Sheet

At 31 December 2021

	Notes	2021 £m	2020 £m
Assets			
Non-current assets			
Investments in subsidiaries	7	**497**	497
Retirement benefit assets	11	**-**	73
Deferred tax assets	5	**14**	-
Amounts owed by Group undertakings	12	**1,674**	-
		2,185	570
Current assets			
Amounts owed by Group undertakings	12	**-**	1,674
Total assets		**2,185**	2,244
Liabilities			
Current liabilities			
Interest-bearing loans and borrowings	9	**(450)**	(3)
Trade and other payables	8	**(177)**	(182)
		(627)	(185)
Net current (liabilities)/assets		(627)	1,489
Non-current liabilities			
Deferred tax liability		**-**	(5)
Interest-bearing loans and borrowings	9	**(297)**	(745)
		(297)	(750)
Total liabilities		**(924)**	(935)
Net assets		**1,261**	1,309
Shareholders' equity			
Share capital	10	**300**	300
Retained earnings		**673**	721
Other reserves		**288**	288
Total equity		**1,261**	1,309

The financial statements on pages 13 to 32 were approved by the Board of Directors and authorised for issue on 5 May 2022. They were signed on its behalf by:

G E Barnes
Director
GKN Holdings Limited
Registration number: 00066549

Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital £m	Retained earnings £m	Other reserves £m	Total equity £m
At 1 January 2021	**300**	**721**	**288**	**1,309**
Loss for the year	**-**	**(30)**	**-**	**(30)**
Other comprehensive expense	**-**	**(18)**	**-**	**(18)**
Total comprehensive expense	**-**	**(48)**	**-**	**(48)**
At 31 December 2021	**300**	**673**	**288**	**1,261**
At 1 January 2020	300	743	288	1,331
Loss for the year	-	(37)	-	(37)
Other comprehensive income	-	15	-	15
Total comprehensive expense	-	(22)	-	(22)
At 31 December 2020	300	721	288	1,309

Notes to the Financial Statements

For the year ended 31 December 2021

1 General Information

GKN Holdings Limited is a private company and is limited by shares, incorporated and domiciled in the UK, and registered in England and Wales with the registration number 00066549. Its registered office is 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, England B4 6AT.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Basis of preparation

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

The financial statements have been prepared on the historical cost basis which is generally based on the fair value of the consideration given in exchange for the goods and services.

Summary of disclosure exemptions

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

Exemption from preparing group financial statements

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

Going concern

The financial statements have been prepared on a going concern basis. The Company's forecasts show that it expects to be able to continue to operate for the next 12 months from the date of the approval of these financial statements. The Company is a subsidiary of Melrose Industries PLC, a global manufacturing and engineering group. The 2021 Annual Report of Melrose Industries PLC disclosed that the Group had significant headroom on its multi-currency committed revolving credit facility of £3 billion, when applying the exchange rates at 31 December 2021. Headroom is largely unchanged through to the date of these accounts and there remains sufficient headroom throughout the going concern forecast period.

The Company does rely on continued support from fellow subsidiaries within the Melrose Group, in the context of recovery of intercompany receivables.

New standards, interpretations and amendments effective

There were no new standards adopted within the year that had a significant impact on the financial statements.

Finance income and costs policy

Finance income

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

Finance costs

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

Notes to the Financial Statements
For the year ended 31 December 2021

2 **Accounting policies (continued)**

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

2 **Accounting policies (continued)**

Pensions and post-employment benefits

The Company's pension arrangements comprise various defined benefit and defined contribution schemes. Contributions to externally funded defined benefit schemes are based on the advice of independent actuaries or in accordance with the rules of the schemes.

The Company accounts for all post-employment defined benefit schemes through recognition of the schemes' surpluses or deficits on the balance sheet at the end of each year. Remeasurement of defined benefit plans is included in other comprehensive income.

For defined contribution arrangements the cost charged to the income statement represents the Company's contributions to the relevant schemes in the year in which they fall due.

Taxation

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Impairment of non-financial assets

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

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

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

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

Notes to the Financial Statements
For the year ended 31 December 2021

2 **Accounting policies (continued)**

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

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

The Directors consider the retirement benefit obligations (further detail disclosed in note 11) and the impairment of investments in subsidiaries to be the only sources of significant estimate within these financial statements.

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

3 **Operating loss**
The analysis of additional components of operating results is shown below:

(a) **Trading loss**

	2021 £m	2020 £m
Retirement benefits	**(7)**	(1)
Other costs	**(1)**	(2)
Trading loss	**(8)**	(3)

Auditor remuneration for audit services to the Company was £11,531 (2020: £11,195). All fees payable to the Company's auditor include amounts in respect of expenses and relate to the audit of the financial statements. All fees payable have been charged to the Income Statement.

There were no employees of the Company during the year (2020: none).

The Directors' emoluments for the year are disclosed in accordance with the Companies Act 2006. Emoluments are apportioned for the services provided by the Directors to the Company. The emoluments of the Directors of the Company for their services to the Company amounted to £nil (2020: £nil). Retirement benefits accruing to the Directors of the Company for their services to the Company amounted to £nil (2020: £nil).

4 ***Net financing expense***

	2021 £m	2020 £m
Finance costs		
Bond drawings and other borrowings	**(38)**	(39)
Amortisation of bond issue costs	**(1)**	(1)
	(39)	(40)
Finance income		
Net interest income on pensions	**1**	1
Amounts owed by Group undertakings	**3**	11
	4	12
Net financing expense	**(35)**	(28)

Notes to the Financial Statements

For the year ended 31 December 2021

5 Tax

(a) Analysis of tax credit/(charge) in the year

Analysis of charge in year	2021 £m	2020 £m
Current tax		
Withholding tax	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of any temporary differences		
Current year movement	11	(3)
Change in recognition of previously recognised deferred tax	2	(2)
Total deferred tax	13	(5)
Total tax credit/(charge) for the year	13	(5)

(b) Factors affecting the tax charge in the year

The tax assessed for the year is different to (2020: different to) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%).

Tax reconciliation	2021 £m	2020 £m
Loss before tax	(43)	(32)
Tax charge calculated at 19.00% (2020: 19.00%) standard UK corporate tax rate	8	6
Non-deductible and non-taxable items	(1)	-
Group relief surrendered at nil tax rate	(7)	(9)
Change in recognition of previously recognised deferred tax	2	(2)
Other movements in deferred tax	12	-
Effect of change in corporation tax rate on deferred tax recognition	(1)	-
Adjustments in respect of prior years	-	-
Total tax charge for the year	13	(5)

(c) Recognised deferred tax

The movements in deferred tax assets and liabilities during the year are shown below:

	Post-employment obligations £m	Tax losses £m	Other £m	Total £m
At 1 January 2021	(14)	12	(3)	(5)
Included in the income statement	8	6	(1)	13
Included in other comprehensive income	6	-	-	6
At 31 December 2021	-	18	(4)	14
At 1 January 2020	(7)	13	(3)	3
Included in the income statement	(4)	(1)	-	(5)
Included in other comprehensive income	(3)	-	-	(3)
At 31 December 2020	(14)	12	(3)	(5)

The rate of UK corporation tax for the year ended 31 December 2021 was 19%. The Finance Act 2021, which was substantively enacted on 24 May 2021 and enacted on 10 June 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 re-measured using the 25% rate to the extent that the deductible or taxable temporary differences will reverse post 1 April 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

5 **Tax (continued)**

(d) **Statement of comprehensive income**

In addition to the tax charged to the income statement, £6 million (2020: £3 million) has been credited (2020: charged) to the statement of comprehensive income in respect of pension movements.

6 **Dividends**

The Directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2021 (2020: £nil) and there was no interim dividend payment for the year ended 31 December 2021.

7 **Investments in subsidiaries**

	£m
Cost	
At 1 January 2021 and 31 December 2021	**1,026**
Accumulated impairment	
At 1 January 2021 and 31 December 2021	**(529)**
Net book amount at 1 January 2021 and 31 December 2021	**497**

Subsidiary and other undertakings of the Company at 31 December 2021 are disclosed in note 14.

Following an annual impairment review of investments in subsidiaries, no impairment within the year was deemed necessary.

8 **Trade and other payables**

	2021 £m	2020 £m
Amounts owed to Group undertakings	**(156)**	(160)
Accruals	**(21)**	(22)
	(177)	(182)

Amounts owed by/to Group undertakings are unsecured, accumulate interest at a rate of 0% to 2.84%, have no fixed date of repayment and are repayable on demand.

9 **Net Borrowings**

	2021		2020	
	Current £m	**Non-current £m**	Current £m	Non-current £m
Unsecured capital market borrowings				
- £300 million 3⅜% 2032 unsecured bond	**-**	**(297)**	-	(296)
- £450 million 5⅜% 2022 unsecured bond	**(450)**	**-**	-	(449)
Unsecured committed bank borrowings				
- KfW	**-**	**-**	(3)	-
	(450)	**(297)**	(3)	(745)

Notes to the Financial Statements

For the year ended 31 December 2021

9 Net Borrowings (continued)

Unsecured capital market borrowings include: an unsecured £450 million (2020: £450 million) 5⅜% bond maturing in 2022 less unamortised issue costs of £nil (2020: £1 million) and an unsecured £300 million 4⅝% bond maturing in 2032 less unamortised issue costs of £3 million (2020: £4 million), with fixed rates of interest until maturity.

Unsecured committed bank borrowings include a borrowing of £nil (2020: £3 million) drawn against a KfW amortising unsecured facility which was fully repaid as at 31 December 2021. This attracted a fixed interest of 1.65%.

10 Share capital

	Authorised		Issued and Fully Paid	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Ordinary shares of 50p each	**450**	450	**300**	300
	2021 Number 000s	2020 Number 000s	**2021 Number 000s**	2020 Number 000s
At 31 December	**900,000**	900,000	**600,000**	600,000

11 Retirement benefit assets

Retirement benefit obligations as at the year end comprise:	**2021 £m**	2020 £m
Pensions - funded	**-**	73

A buy-in was carried out in February 2021 with Aviva to cover all pensioners members of the GKN UK 2016 Pension Plan as at October 2020, who were not previously insured under the Rothesay buy-in.

Subsequently, a successful buy-out of pensioner liabilities of the GKN UK 2016 Pension Plan was performed, effective 31 December 2021, resulting in c.8,000 pensioners benefits being secured with Aviva or Rothesay. Prior to the completion of the buy-out process, the remaining 2,659 deferred members, along with the resulting net surplus of £43 million, of the GKN UK 2016 Pension Plan were transferred to a ring-fenced section of the GKN Group Pension Scheme Number 2.

Notes to the Financial Statements

For the year ended 31 December 2021

11 **Retirement benefit assets (continued)**

(a) **Defined benefit schemes – assumptions and estimates**

Estimating the retirement benefit obligation for the GKN UK 2016 Pension Plan involved a number of assumptions, which are detailed below.

Key assumptions and estimates:

	UK 2016 plan %
2021	
Rate of increase in payment of pensions	**n/a**
Discount rate	**n/a**
Inflation assumption (CPI)	**n/a**
2020	
Rate of increase in payment of pensions	1.9
Discount rate	1.4
Inflation assumption (CPI)	2.2

Mortality assumptions for all UK pension plans as at 31 December 2020 were based on the Self-Administered Pension Scheme ("SAPS") "S3PA" base tables with scheme-specific adjustments.

Future improvements for all UK plans as at 31 December 2020 were in line with the 2019 Continuous Mortality Investigation ("CMI") core projection model with a long-term rate of improvement of 1.25% p.a. for both males and females.

(b) **Defined benefit schemes - reporting**

The amounts recognised in the balance sheet are:

	2021 £m	2020 £m
Present value of funded obligations	**-**	(481)
Fair value of plan assets	**-**	554
Net assets recognised in the balance sheet	**-**	73

Cumulative remeasurement of defined benefit plan differences recognised in equity are as follows:

	2021 £m	2020 £m
At 1 January	**(104)**	(122)
Remeasurement of defined benefit plans	**(24)**	18
At 31 December	**(128)**	(104)

Notes to the Financial Statements

For the year ended 31 December 2021

11 **Retirement benefit assets (continued)**

Movement in schemes' assets and liabilities (funded and unfunded) during the year:

	Assets £m	Liabilities £m	Total £m
At 1 January 2021	**554**	**(481)**	**73**
Interest	**8**	**(7)**	**1**
Return on plan assets excluding amounts included in interest income	**(46)**	**-**	**(46)**
Remeasurement of defined benefit plans	**-**	**22**	**22**
Benefits and administrative expenses paid	**(40)**	**39**	**(1)**
Settlements	**(372)**	**366**	**(6)**
Net decrease in assets from acquisitions/disposals/transfers(1)	**(104)**	**-**	**(104)**
Net decrease in liabilities from acquisitions/disposals/transfers(1)	**-**	**61**	**61**
At 31 December 2021	**-**	**-**	**-**
At 1 January 2020	541	(486)	55
Interest	10	(9)	1
Return on plan assets excluding amounts included in interest income	41	-	41
Remeasurement of defined benefit plans	-	(23)	(23)
Benefits and administrative expenses paid	(38)	37	(1)
At 31 December 2020	554	(481)	73

(1) During 2021, net assets of £43 million in relation to the GKN UK 2016 Pension Plan were transferred to GKN Automotive Limited, a subsidiary of the Company.

The amounts recognised in the income statement:

Amounts recognised in the income statement in respect of these defined benefit plans were as follows:

	2021 £m	2020 £m
Credit / (charge) within operating loss:		
- past service and settlement loss	(6)	-
- administrative expenses	(1)	(1)
- contributions from other Group undertakings	-	-
Included within net financing expense:		
- interest cost on defined benefit obligations	(7)	(9)
- interest income on plan assets	8	10

Remeasurement gains and losses in relation to the scheme's obligations are as follows

	Total £m
2021	
Experience gains and losses	**4**
Changes in financial assumptions	**17**
Change in demographic assumptions	**1**
	22
2020	
Experience gains and losses	8
Changes in financial assumptions	(29)
Change in demographic assumptions	(2)
	(23)

Notes to the Financial Statements

For the year ended 31 December 2021

11 **Retirement benefit assets (continued)**

(b) **Defined benefit schemes – reporting (continued)**

The fair values of the assets in the scheme were:

	Total £m
At 31 December 2021	
Bonds – government	-
Bonds – corporate	-
Other assets	-
	-
At 31 December 2020	
Bonds - government	239
Bonds - corporate	159
Other assets	156
	554

(c) **Defined benefit scheme – risk factors**

Through its various post-employment pensions, the Company is exposed to a number of risks, the most significant of which are detailed below. The Company's focus is on managing the cash demands which the various pension plans place on the Company, rather than balance sheet volatility in its own right. For funded schemes cash requirements are generally determined by funding valuations which are performed on a different basis from accounting valuations.

Asset volatility: Plan liabilities are calculated using discount rates set with reference to bond yields (although the discount rate methodology differs for accounting and funding purposes). If plan assets deliver a return which is lower than the discount rate, this will create or increase a plan deficit. The Company's various pension plans hold a significant proportion of equities and similar 'growth assets', which are expected to out-perform bonds in the long-term, albeit at the risk of short term volatility.

As the plans mature, with a shorter time horizon to cope with volatility, the Company will gradually reduce holdings of growth assets in favour of increased matching assets (bonds and similar). In the meantime, the Company considers that equities and similar assets are an appropriate means of managing pension funding requirements, given the long term nature of the liabilities and the strength of the Company to withstand volatility.

Changes in bond yields: A decrease in bond yields will typically increase plan liabilities (and vice-versa), although this will be offset partially by an increase in the value of bonds held in the asset portfolios of the various plans. The effect of changes in bond yields is more pronounced in unfunded schemes where there is no potential for an offsetting movement in asset values.

Inflation risk: As pension obligations are linked to inflation, higher inflation expectations will lead to higher liabilities, although caps are in place to protect against unusually high levels of inflation. The asset portfolio includes some inflation linked bonds to provide an element of protection against this risk, whilst additional protection is provided by inflation derivatives.

Member longevity: As the Company's retirement benefit obligations are generally to provide benefits for the life of the member, increases in life expectancy will generally result in an increase in plan liabilities (and vice versa).

Notes to the Financial Statements

For the year ended 31 December 2021

12 Amounts owed by Group undertakings

	2021 £m		2020 £m	
	Current	Non-current	Current	Non-current
Amounts owed by group undertakings	-	**1,674**	1,674	-

Amounts owed by Group undertakings are either interest-bearing or non interest-bearing depending on the type and duration of the receivable relationship. At 31 December 2021, the amount receivable of £1,674 million has been classified as a non-current asset in accordance with the expectations of management that it will not be settled within the next year. The comparative amount of £1,674 million at 31 December 2020, was classified as a current asset based on the expectations of management that during 2021 there would be material disposals of businesses within the Group with significant cash proceeds, as well as a refinancing of the Group's revolving credit facility. These anticipated events during 2021 were expected to lead to settlement of intercompany loan positions within the Company.

13 Contingent assets and liabilities

At 31 December 2021 the Company had no contingent liabilities in respect of bank and other guarantees (2020: nil). In the case of certain businesses, performance bonds and customer finance obligations have been entered into in the normal course of business.

14 Controlling parties

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

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

15 Subsidiaries and other undertakings

Details of the Group's subsidiaries, joint ventures and associated undertakings as at 31 December 2021 are given below. With the exception of GKN Enterprise Limited, GKN Euro Investments Limited, GKN Quest Trustee Limited, GKN Technology Limited and Alder Miles Druce Limited, all undertakings are held indirectly through intermediate companies. All undertakings are wholly owned unless stated otherwise.

Name	Class of shares held/ interest	Registered office
Transmisiones Homocineticas Argentinas SA (49%) (in liquidation)	Ordinary B[1]	Avenida Del Libertador 602, 4' Piso, Buenos Aires, Argentina
Unidrive Pty Ltd (in liquidation)	Ordinary	45-49 McNaughton Road, Clayton Victoria 3168, Australia
GKN Aerospace Transparency Systems do Brasil Ltda	Quota capital	Av. Alfredo Ignácio Noqueira Penido, 335 – Sala 1103 – Edifício Madison Power, São José dos Campos, SP, 12246-000, Brazil
GKN do Brasil Limitada	Common	Rua Joaquim Silveira 557, Parque Sao Sebastiao, 91060-320 Porto Alegre, RS, Brazil
GKN Sinter Metals Ltda	Common	Av. da Emancipacao no. 4.500, CEP 13.184-542, Bairro Santa Esmeralda, Hortolandia, Sao Paulo, Brazil
Fokker Elmo Canada Inc	Ordinary	600-1134 Grande Allée Ouest, Quebec, G1S 1E5, Canada
GKN Sinter Metals – St Thomas, Ltd.	Common stock	7 Michigan Boulevard, St. Thomas, Ontario, Canada
Fokker Elmo (Langfang) Electrical Systems Co. Ltd	Registered investment	No 71 Xiangyun Road, Langfang Economic & Technical Development Zone, Langfang, China
GKN (Bazhou) Metal Powder Company Limited (40%)	Registered investment	Wuping East Road, Shengfang Town, Bazhou City, Hebei Province, 065701, China
GKN China Holding Co Ltd	Registered investment	Unit A, 6/F, Building A1#, No. 2555 Xiupu Road, Pudong New Area, Shanghai, 201315, China
GKN Danyang Industries Company Limited	Registered investment	18 North Shitan Road, North Industrial Park, Development Zone, Danyang, Jiangsu, 212310, China
GKN HUAYU Driveline Systems (Chongqing) Co. Ltd (9%)	Ordinary[2]	No. 1 Cuigu, Northern New Zone, Chongqing, 401122, China
GKN HUAYU Driveline Systems (Pinghu) Co. Ltd (50%)	Registered investment[3]	Factory No. 1, No. 2188 Zhongxi Road, Pinghu, Jiaxing, Zhejiang Province, China
GKN Aerospace (JingJiang) Co., Ltd	Registered investment	1 Xinwang Road, Jingjiang Economic and Technic Development Zone, Jingjiang, Jiangsu, China
GKN Sinter Metals Yizheng Co Ltd	Registered investment	No. 8, Kangmin Road, Industrial Automotive Park, Yizheng City, Jiangsu Province, China
GKN Zhongyuan Cylinder Liner Company Limited (59%)	Registered investment	Xiguo Industrial Zone, Mengzhou City, Henan Province, 454750, China

Notes to the Financial Statements

For the year ended 31 December 2021

15 Subsidiaries and other undertakings

Nanjing FAYN Piston Ring Company Limited (19.79%)	Registered investment	Zijin Kechuang Center 4 Level, 416 Room, Economy Development Zone, Lishui, Nanjing, China
Shanghai GKN Driveline Sales Co Ltd (49%)	Ordinary	898 Kangshen Road, Pudong, Shanghai, China
Shanghai GKN HUAYU Driveline Systems Company Limited (50%)	Registered investment	950 KangQiao Road, Pudong New Area, Shanghai, China
GKN Aerospace (Shanghai) Co., Ltd	Ordinary	Room 805, 8th floor, Building 2, No. 1859, Shibo Avenue, Shanghai, China
Transejes Transmisiones Homocineticas de Colombia SA (49%)	Ordinary	Calle 32 No. 15 – 23 Barrio Rincon de Girón, Girón Santander, Colombia
Arianespace Participation S.A. (1.6320%)	Ordinary	Boulevard De L Europe, BP 177 91006 Evry-Courcouronnes CEDEX, France
GKN Aerospace France SARL	Ordinary	20 rue Lavoisier, 95300 Pontoise, France
GKN Automotive SAS	Ordinary	100 Avenue Vanderbilt, 78955 Carrieres-sous-Poissy, France
GKN Driveline Ribemont SARL	Ordinary	7 rue de la Briqueterie, 02240 Ribemont, France
GKN Driveline SA	Ordinary	5-7 Rue Charles-Edouard Jeanneret 78300 Poissy, France
GKN Freight Services EURL	Ordinary	100 Avenue Vanderbilt, 78955 Carrieres-sous-Poissy, France
NH Industries SAS (5.5%)	Ordinary	765 rue Albert Einstein, CS 70402, 13591 Aix-en-Provence Cedex 3, France
GKN Aerospace Deutschland GmbH	Ordinary	Brunhamstr. 21, 81249, Munich, Germany
GKN Driveline Deutschland GmbH	Ordinary	Carl-Legien-Strasse 10, 63073 Offenbach am Main, Germany
GKN Driveline International GmbH	Ordinary	Hauptstrasse 130, 53797 Lohmar, Germany
GKN Driveline Trier GmbH	Ordinary	Hafenstrasse 41, 54293 Trier, Germany
GKN Driveline Service GmbH	Ordinary	Nussbaumweg 19-21 51503, Rosrath, Germany
GKN Automotive Management GmbH	Ordinary	Carl-Legien-Strasse 10, 63073 Offenbach am Main, Germany
GKN Powder Metallurgy Holding GmbH	Ordinary	Pennefeldsweg 11-15, 53177, Bonn, Germany
GKN Sinter Metals Components GmbH	Ordinary	Pennefeldsweg 11-15, 53177, Bonn, Germany
GKN Sinter Metals Engineering GmbH	Ordinary	Krebsoege 10, 42477 Radevormwald, Germany
GKN Sinter Metals Filters GmbH Radevormwald	Ordinary	Dahlienstrasse 43, 42477 Radevormwald, Germany
GKN Sinter Metals & Forge Operations GmbH	Ordinary	Industriestr. 1, 97769 Bad Brückenau, Germany
GKN Sinter Metals GmbH, Bad Langensalza	Ordinary	Am Fliegerhorst 9, 99947 Bad Langensalza, Germany
Fokker Elmo SASMOS Interconnection Systems Limited (49%)	Ordinary	Block 2A No. 311, NPR Complex. Survey No 197, Hoody Village, K R Puram Hobli, Whitefield Road, Bangalore - 560048, Karnataka, India
GKN Fokker Elmo India Private Limited	Ordinary	Shop No. 002, Lumkad Sky Vista, S. No. 230/AViman Naga/3/2, Viman Nagar, Pune, Maharashtra, 411014, India
GKN Aerospace Engine Systems India Private Limited	Ordinary	135, 2nd Floor, RMZ Titanium, Old Airport Road, Bengaluru, 560 017, India
GKN Automotive Bengaluru Private Limited	Ordinary	No. 1 Techno Industrial Complex, 1st Stage, Peenya Industrial Area, Bengaluru, India
GKN Driveline (India) Limited (97.03%)	Ordinary	270, Sector-24, Faridabad 121 005, Haryana, India
GKN Sinter Metals Private Limited	Ordinary	146 Mumbai Pune Road, Pimpri, Pune 411 018, India
GKN Driveline Brunico SpA	Ordinary	Via dei Campi della Rienza 8, 39031 Brunico, BZ, Italy
GKN Sinter Metals SpA	Ordinary	Via Delle Fabbriche 5, 39031 Brunico, BZ, Italy
GKN Driveline Japan Ltd	Ordinary	2388 Ohmiya-cho, Tochigi City, 328-8502 Tochigi, Japan
GKN Driveline Tochigi Holdings KK	Ordinary	2388 Ohmiya-cho, Tochigi City, 328-8502 Tochigi, Japan
GKN Powder Metallurgy Japan K.K.	Ordinary	Senri Life Science Centre Building. 12F, 1-4-2 Shin Senri Higashi-machi, Toyonaka-shi, Osaka, Japan
GKN Finance Limited	Ordinary	JTC House, 28 The Esplanade, St Helier, JE2 3QA, Jersey
GKN Driveline Malaysia Sdn Bhd (68.42%)	Ordinary	Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, Georgetown, Pulau, 10050, Penang, Malaysia
GKN Engine Systems Component Repair Sdn Bhd.	Ordinary	10th Floor, Menara Hap Seng, No.1 & 3, Jalan P. Ramless, 50250 Kuala Lumpur, Malaysia
FAE Aerostructures SA de CV	Ordinary	Calle Washington 3701, interior 18, Complejo Industrial Las Americas, Chihuahua, Chihuahua, C.P. 31114, Mexico
GKN Aerospace San Luis Potosi S. de R.L. de C.V. (in liquidation)	Fixed equity	Av. CFE No. 709, Parque Industrial Millennium, San Luis Potosi S.L.P 78395, Mexico
GKN Driveline Celaya SA de CV	Ordinary	Carretera Panamericana km 284, Celaya, Guanajuato, C.P. 38110, Mexico
GKN Driveline Mexico Trading SA de CV	Ordinary	Carretera Panamericana km 284, Celaya, Guanajuato, C.P. 38110, Mexico
GKN Sinter Metals Mexico S. De. R.L. De. C.V.	Membership interest	104, San Jose Agua Azul, Apaseo El Grande, Guanajuato, Mexico
GKN Sinter Metals Mexico (Services) S. De. R.L. De. C.V.	Membership interest	104, San Jose Agua Azul, Apaseo El Grande, Guanajuato, Mexico
Business Park Aviolanda B.V. (20%)	Ordinary	Aviolandalaan 37, 4631 RP, Hoogerheide, Netherlands

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For the year ended 31 December 2021

15 Subsidiaries and other undertakings

Cooperative Delivery of Retrokits (CDR) V.O.F. (50%)	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
Fabriek Slobbengors Beheer B.V. (49%)	Ordinary	Markt 22, 3351 PB, Papendrecht, Netherlands
Fabriek Slobbengors C.V. (49%)	Ordinary[4]	Markt 22, 3351 PB, Papendrecht, Netherlands
Fokker Aerospace B.V.	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
Fokker Aerostructures B.V.	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
Fokker (CDR) B.V.	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
Fokker Elmo B.V.	Ordinary	Aviolandalaan 33, Hoogerheide, 4631 RP, Netherlands
Fokker Elmo Holding BV.	Ordinary	Aviolandalaan 33, Hoogerheide, 4631 RP, Netherlands
Fokker Engineers & Contractors B.V.	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
Fokker Landing Gear B.V.	A Ordinary	Grasbeemd 28, 5705 DG, Helmond, Netherlands
Fokker Procurement Combination B.V.	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
Fokker Technologies Group B.V.	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
Fokker Technologies Holding B.V.	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
Fokker Technology B.V.	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
GKN Aerospace Netherlands B.V.	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
GKN UK Holdings BV	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT, United Kingdom
Hoofdkantoor Slobbengors Beheer B.V. (49%)	Ordinary	Markt 22, 3351 PB, Papendrecht, Netherlands
Kantoor Industrieweg C.V. (49%)	Ordinary	Markt 22, 3351 PB, Papendrecht, Netherlands
Structural Laminates Industries B.V.	Ordinary	Industrieweg 4, 3351 LB, Papendrecht, Netherlands
GKN Aerospace Norway AS	Ordinary	Kirkegårdsveien 45, 3616 Kongsberg, Norway
Kongsberg Technology Training Centre AS (33.33%)	Ordinary	Kirkegårdsveien 45, 3616 Kongsberg, Norway
Kongsberg Terotech AS (50%)	Ordinary	Kirkegårdsveien 45, 3616 Kongsberg, Norway
Eljas sp. z o. o.	Ordinary	Aleje Ujazdowskie 41, 00-540 Warsaw, Poland
GKN Driveline Polska Sp z o o	Ordinary	Ul. B. Krzywoustego 31 G, 56-400 Oleśnica, Poland
GKN Automotive Portugal, Limitada	Quota	Avenida Marechal Gomes da Costa, 1131, 4150-360, Porto, Portugal
FOAR S.R.L. (49%)	Ordinary	Str. Condorilor 9, 600302, Bacau, Romania
Fokker Engineering Romania S.R.L.	Ordinary	Hermes Business Campus, Dimitrie Pompeiu Blvd 5-7, Building 2, 3rd Floor, Bucharest 020337 RO, Bucuresti 077190, Romania
Hoeganaes Corporation Europe SA	Ordinary	33 Urziceni Street, Buzau, 120226, Romania
GKN Driveline Slovenija d o o	Ordinary	Rudniska cesta 20, Zrece 3214, Slovenia
GKN Ayra Servicio, SA	Ordinary	Pol. Ind. Can Salvatella, Avenida Arrahona 54-56, 08210 Barbera del Valles, Barcelona, Spain
GKN Driveline Vigo, SA	Ordinary	Avenida de Citroen s/n, 36210 Vigo, Spain
GKN Driveline Zumaia, SA	Ordinary	Sagarbidea 2, 20750 Zumaia, Spain
Stork Prints Iberia SA	Ordinary	Polígono Industrial s/n, Maçanet de la Selva, 17412 Girona, Spain
GKN Aerospace Sweden AB	Ordinary	SE - 461 81, Trollhättan, Sweden
GKN Driveline Köping AB	Ordinary	SE - 731 36, Köping, Sweden
GKN Sweden Holdings AB	Ordinary	SE - 461 81, Trollhättan, Sweden
Industrigruppen JAS AB (20%)	Ordinary	Bröderna Ugglas Gata, SE – 58254, Linköping, Sweden
Taiway Limited (36.25%)	Common stock	14 Kwang Fu Road, Hsin-Chu Industrial Park, Hukou, Hsin Chu 30351, Taiwan
GKN Aerospace Transparency Systems (Thailand) Limited	Ordinary	9/21 Moo 5, Phaholyothin Road Klong 1, Klong Luang, Patumthanee, 12120, Thailand
GKN Driveline (Thailand) Limited	Ordinary	Eastern Seaboard Industrial Estate, 64/9 Moo 4, Tambon Pluakdaeng, Amphur Pluakdaeng, Rayong 21140, Thailand
GKN Driveline Manufacturing Ltd (in liquidation)	Ordinary	Eastern Seaboard Industrial Estate, 64/9 Moo 4, Tambon Pluakdaeng, Amphur Pluakdaeng, Rayong 21140, Thailand
Fokker Elmo Havacilik Sanayi Ve Ticaret Limited Sirketi	Ordinary	Ege Serbest Bölgesi, SADI Sok. No:10, 35410 Gaziemir, Izmir, Turkey
GKN Eskisehir Automotive Products Manufacture and Sales A.S.	Ordinary	Organize Sanayi Bolgesi 20, Cadde No: 17, 26110, Eskisehir, Turkey
GKN Sinter Istanbul Metal Sanayi Ve Ticaret Anonim Şirketi	Ordinary	Yakuplu Mah. Haramidere Sanayi Sitesi, J Blok, No. 106-107-108, Beylikdüzü, Istanbul, Turkey
A. P. Newall & Company Limited	Ordinary	15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA, United Kingdom
Alder Miles Druce Limited	*Ordinary*	*11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom*
Ball Components Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
Birfield Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
British Hovercraft Corporation Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
F.P.T. Industries Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
FAD (UK) Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
Firth Cleveland Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Aerospace Civil Services Holdings Limited	Ordinary	2nd Floor, One Central Boulevard Blythe Valley Park, Shirley, Solihull, B90 8BG, United Kingdom

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15 Subsidiaries and other undertakings

GKN Aerospace Civil Services Limited	Ordinary	2nd Floor One Central Boulevard, Blythe Valley Park, Shirley, Solihull, B90 8BG, United Kingdom
GKN Aerospace Holdings Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Aerospace Services Limited	Ordinary	2nd Floor, One Central Boulevard Blythe Valley Park, Shirley, Solihull, B90 8BG, United Kingdom
GKN Aerospace Transparency Systems (Kings Norton) Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Aerospace Transparency Systems (Luton) Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Automotive Holdings Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Automotive Limited	Ordinary and preference	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom
GKN Birfield Extrusions Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Bound Brook Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Building Services Europe Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN CEDU Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Composites Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Computer Services Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Countertrade Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Cylinder Liners UK Limited	Ordinary	Unit 1, Cobnar Wood Close, Chesterfield Trading Estate, Chesterfield, Derbyshire, S41 9RQ, United Kingdom
GKN Defence Holdings Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Defence Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Driveline Birmingham Limited	Ordinary	Chester Road, Erdington, Birmingham, B24 0RB, United Kingdom
GKN Driveline UK Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom
GKN Driveline Mexico (UK) Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom
GKN Driveline Service Limited	Ordinary	Unit 5, Kingsbury Business Park, Kingsbury Road, Minworth, Sutton Coldfield, B76 9DL, United Kingdom
GKN Enterprise Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN EVO eDrive Systems Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom
GKN Euro Investments Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Export Services Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Fasteners Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Finance (UK) Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Firth Cleveland Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Freight Services Limited	Ordinary and cumulative preference	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom
GKN Group Pension Trustee (No.2) Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Group Pension Trustee Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Group Services Limited	Ordinary and redeemable preference	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Hardy Spicer Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Hydrogen Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Hybrid Power Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE, United Kingdom

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15 Subsidiaries and other undertakings

GKN Industries Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
G.K.N. International Trading (Holdings) Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Investments II GP Limited	Ordinary	15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA, United Kingdom
GKN Investments II LP	Membership interest	15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA, United Kingdom
GKN Investments III GP Limited	Ordinary	15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA, United Kingdom
GKN Investments III LP	Membership interest	15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA, United Kingdom
GKN Marks Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Overseas Holdings Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Pistons Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Powder Metallurgy Holdings Limited	Ordinary	Unit 7 Chestnut Court, Jill Lane, Sambourne, Redditch, B96 6EW, United Kingdom
G.K.N. Powder Met. Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Quest Trustee Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Sankey Finance Limited	Ordinary and deferred(5)	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN SEK Investments Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Service UK Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Sheepbridge Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Sheepbridge Stokes Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Sinter Metals Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Technology Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Trading Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN UK Investments Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN U.S. Investments Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN USD Investments Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Ventures Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Westland Aerospace (Avonmouth) Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Westland Aerospace Advanced Materials Limited	Ordinary and convertible preference	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Westland Aerospace Aviation Support Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Westland Aerospace Holdings Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Westland Design Services Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Westland Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Westland Overseas Holdings Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham B4 6AT, United Kingdom
GKN Westland Services Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham B4 6AT, United Kingdom
GKN 1 Trustee 2018 Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN 2 Trustee 2018 Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN 3 Trustee 2018 Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN 4 Trustee 2018 Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Industries Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom

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For the year ended 31 December 2021

15 Subsidiaries and other undertakings

Guest, Keen and Nettlefolds, Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
HiiROC Limited (10.21%)	Ordinary	Number 22 Mount Ephraim, Tunbridge Wells, Kent TN4 8AS, United Kingdom
Laycock Engineering Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
P.F.D. Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
Raingear Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
Rigby Metal Components Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
Rzeppa Limited	Ordinary and redeemable preference	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
Sheepbridge Stokes Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
Westland Group plc	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
Westland Group Services Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
Westland System Assessment Limited	Ordinary	11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, United Kingdom
GKN Driveline Uruguay SA (in liquidation)	Ordinary	Arq. Baldomiro, 2408, Montevideo, Uruguay
Fokker Elmo Inc	Common stock	2 Sun Court, Suite 400, Peachtree Corners, GA, 30092, USA
GENIL, Inc	Ordinary	2710 Gateway Oaks Drive, Suite 150 N, Sacramento CA 95833, USA
GKN Aerospace Aerostructures, Inc	Common	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Aerospace Camarillo, Inc	Ordinary	2710 Gateway Oaks Drive, Suite 150 N, Sacramento CA 95833, USA
GKN Aerospace Chem-tronics Inc	Ordinary	2710 Gateway Oaks Drive, Suite 150 N, Sacramento CA 95833, USA
GKN Aerospace Florida, LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Aerospace Monitor, Inc	Common	80 State Street, Albany, New York, 12207, USA
GKN Aerospace Muncie, Inc	Common	135 North Pennsylvania Street, Suite 1610, Indianapolis, Indiana, 46204, USA
GKN Aerospace New England, Inc	Ordinary	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Aerospace Newington LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Aerospace Precision Machining, Inc	Ordinary	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Aerospace Services Structures LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Aerospace South Carolina, Inc	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Aerospace St. Louis LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Aerospace Transparency Systems Inc	Common	2710 Gateway Oaks Drive, Suite 150 N, Sacramento CA 95833, USA
GKN Aerospace US Holdings LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Aerospace, Inc.	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN America Corp	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Cylinder Liners, LLC	Membership interest	251 Little Falls Drive, Wilmington Delaware, 19808, USA
GKN Driveline Bowling Green, Inc	Common stock	50 West Broad Street, Suite 1300, Columbus, Ohio, 43215, USA
GKN Driveline Newton LLC	Membership interest	251 Little Falls Drive, Wilmington Delaware, 19808, USA
GKN Driveline North America, Inc	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Freight Services, Inc	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Hydrogen Corp.	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN North America Investments, Inc	Ordinary	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN North America Services, Inc	Common	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Powder Metallurgy Holdings, Inc.	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Sinter Metals, LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Specialty Products Americas Corp.	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
GKN Westland Aerospace, Inc	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
Hoeganaes Corporation	Common stock	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
Hoeganaes Specialty Metal Powders LLC (70%)	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA

Notes to the Financial Statements

For the year ended 31 December 2021

15 Subsidiaries and other undertakings

Product Slingshot, Inc.	Common stock	2710 Gateway Oaks Drive, Suite 150 N, Sacramento CA 95833, USA
PW1100G-JM Engine Leasing, LLC (4 Class C Units)	Class C Unit	1209 Orange Street, Wilmington, Delaware, 19801, USA
XIK LLC	Membership interest	251 Little Falls Drive, Wilmington, Delaware, 19808, USA

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

2) The Group owns 9% directly with a total effective ownership of 34.5% in the company.

3) The Group indirectly has a total effective ownership of 25% in the company.

4) The Group owns 49% directly with a total effective ownership of 49.98% in the company.

5) The Group has a direct interest in 100% of the issued ordinary share capital. The deferred shares are held by third parties.