

GKN WESTLAND AEROSPACE HOLDINGS LIMITED

Registered Number: 97833

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2009

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COMPANIES HOUSE

Directors' Report

Directors: J P Armitage
M J S Bryson
E Peake
Secretary A Dutton

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2009.

1 Statement of Directors' responsibilities in respect of the annual report and financial statements

The Directors are responsible for preparing the Directors 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). 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 those financial statements, the Directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent, state whether applicable UK standards have been followed, subject to any material departures disclosed and explained in the financial statements, and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

The auditors' responsibilities in relation to the financial statements are set out in their report on page 3

2 Principal activities and Business Review**Principal Activities**

The principal activity of the Company is to hold investments in subsidiary undertakings.

Business Review

The profit and loss account of the Company shows a loss for the year of £1,441,476 (2008 loss £10,681,907), which relates to interest payments offset by the profit on the transfer of subsidiary investments to GKN (United Kingdom) plc of £1,663,509

The Company is exempt from the requirement to prepare and deliver consolidated accounts as it is a wholly owned subsidiary of GKN plc. On an individual accounts basis it is classed as a small company and is therefore exempt from the requirement to prepare a business review

Directors' Report (continued)

3 Directors

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

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

4 Auditors and Disclosure of Information to Auditors

A resolution of the shareholders has been passed to dispense with the appointment of auditors annually and PricewaterhouseCoopers LLP will continue in office as auditors of the Company.

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

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

On behalf of the Board



A Dutton
Secretary

15 September 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GKN WESTLAND AEROSPACE HOLDINGS LIMITED

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We have audited the Company financial statements of GKN Westland Aerospace Holdings Limited for the year ended 31 December 2009 which comprise the profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 1, the Directors are responsible for the preparation of the Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

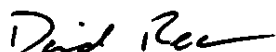
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Company financial statements are prepared is consistent with the Company financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion.

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



David Reeman

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

17 September 2010

Profit and loss account for the year ended 31 December 2009

	Note	2009 £	2008 £
Interest payable	2	(3,104,985)	(10,591,907)
Profit on transfer of Shareholdings in Group Companies	6	1,663,509	-
Amounts written off Shareholdings in Group Companies	6	-	(90,000)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(1,441,476)	(10,681,907)
Taxation	4	-	-
LOSS FOR THE YEAR	10	(1,441,476)	(10,681,907)

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

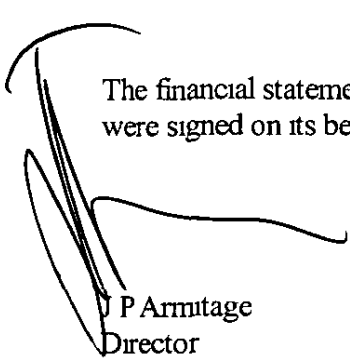
The Company has no recognised gains and losses other than the loss for the years shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the loss on ordinary activities before taxation and loss for the financial years stated above and their historical cost equivalents

Balance sheet at 31 December 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Investments	6	272,126,464	316,782,557
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	7	(127,933,702)	(171,058,319)
NET CURRENT LIABILITIES		(127,933,702)	(171,058,319)
NET ASSETS		144,192,762	145,634,238
CAPITAL AND RESERVES			
Called up share capital	9	10,000,000	10,000,000
Share premium	10	250,633,600	250,633,600
Other reserves	10	35,000,000	35,000,000
Profit and loss account	10	(151,440,838)	(149,999,362)
SHAREHOLDER'S FUNDS	11	144,192,762	145,634,238

The financial statements on pages 4 to 10 were approved by the board of directors on 15 September 2010 and were signed on its behalf by:

 J P Armitage
Director

15 September 2010

GKN WESTLAND AEROSPACE HOLDINGS LIMITED
Registered Number 97833

Notes to the financial statements for the year ended 31 December 2009**1 Accounting policies for the year ended 31 December 2009**

A summary of accounting policies, which have been consistently applied, is set out below

Basis of accounting

These financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and UK applicable accounting standards.

The Directors have conducted a review of the company's accounting policies and have confirmed that they are the most appropriate for the purposes of giving a true and fair view of the Company's results and that there have been no other changes from last year.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue to trade. The basis of this assumption depends on the support of the intermediate parent Company, GKN UK plc. The intermediate parent Company has indicated that it intends to provide funds as are necessary for the Company to trade for the foreseeable future.

Fixed asset investments

Investments in subsidiary companies and other investments are accounted for at cost less provision for any impairment.

Related party transactions

As in excess of 90% of the Company's voting rights are controlled within the GKN Group, the Company is not required to disclose transactions with other Group subsidiaries, joint ventures or associated companies.

The Company has not transacted with other related parties during the year.

2 Interest payable

	2009 £	2008 £
Interest on group loans	<u>3,104,985</u>	<u>10,591,907</u>

3 Loss on ordinary activities before taxation

The auditors' remuneration of £1,416 (2008: £1,416) is paid by GKN Aerospace Services Limited, a fellow subsidiary of GKN plc.

Notes to the financial statements for the year ended 31 December 2009 (continued)**4 Taxation**

Tax charge on loss on ordinary activities	2009	2008
	£	£
United Kingdom taxation		
Corporation tax at 28% (2008 28.5%)	-	-
Current tax charge / (credit) for the year	-	-
Reconciliation of actual tax charge to expected tax credit:	2009	2008
	£	£
Loss on ordinary activities before tax	(1,441,476)	(10,681,907)
Tax credit at standard UK tax rate 28% (2008 – 28.5%)	403,613	3,044,343
Non-deductible and non-taxable items	(403,613)	(3,044,343)
Adjustment to taxation of earlier years	-	-
Current tax charge for period	-	-

5 Employee information and directors' emoluments

The emoluments of Directors of the Company amounted to £Nil (2008 - £Nil) The Company has no other employees

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Investments

	Shares in group companies £
Cost	
At 1 January 2009	431,679,129
Transfer of Shareholding	(44,566,093)
At 31 December 2009	387,113,036
Amounts provided for	
At 1 January 2009	(114,986,572)
During the year	-
At 31 December 2009	(114,986,572)
Net book value	
At 31 December 2009	272,126,464
At 1 January 2009	316,692,557

On 28 September 2009 a board meeting approved the Company transferring its shareholdings in British Hovercraft Corporation Ltd, F.P.T Industries Ltd, GKN Aerospace Transparency Systems (Luton) Ltd, GKN Westland Aerospace Aviation Support Ltd and GKN Westland Aerospace (Avonmouth) Ltd. The effect of this transfer was to reduce the Investments balance by £44,566,093 and resulted in a profit of £1,663,509

Interests are as follows:

<u>Name of company</u>	<u>Country of registration or incorporation</u>	<u>Principal activity</u>	<u>Description of shares held</u>	<u>Proportion of nominal value of shares held by the company</u>
GKN Aerospace Services Limited	UK	Aerospace industry	Ordinary £1	100%

As the Company is a wholly owned subsidiary of GKN plc which is established under the law of a member state of the European Economic Area, consolidated accounts are not required. In the opinion of the directors, the aggregate value of the Company's investments in subsidiary companies consisting of shares in or amounts owing (whether on account of a loan or otherwise), is not less than the aggregate of the amounts at which these investments are stated in the balance sheet

Notes to the financial statements for the year ended 31 December 2009 (continued)**7 Creditors**

	2009 £	2008 £
Due within one year		
Amounts owed to group companies	315,000	315,000
Current account with parent (note 8)	127,618,702	170,743,319
	<u>127,933,702</u>	<u>171,058,319</u>

8 Account with GKN (United Kingdom) plc

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

9 Called up share capital

	<u>2009 and 2008</u>	
	<u>Authorised</u> £	Issued, called up and fully <u>Paid</u> £
10,000,000 Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>

10 Reserves

	<u>Share premium</u> £	<u>Contributed capital</u> £	<u>Profit and loss account</u> £
At 1 January 2009	250,633,600	35,000,000	(149,999,362)
Loss for the year	-	-	(1,441,476)
At 31 December 2009	<u>250,633,600</u>	<u>35,000,000</u>	<u>(151,440,838)</u>

Notes to the financial statements for the year ended 31 December 2009 (continued)**11 Reconciliation of movements in total shareholders' funds**

	2009 £	2008 £
At 1 January 2009	145,634,238	156,316,145
Loss for the year	(1,441,476)	(10,681,907)
At 31 December 2009	<u>144,192,762</u>	<u>145,634,238</u>

12 Ultimate and immediate parent companies

GKN plc and Westland Group plc are the ultimate and immediate parent companies respectively. Copies of their accounts may be obtained from PO Box 55, Ipsley House, Ipsley Church Lane, Redditch, Worcestershire, B98 0TL.