

GKN USD Investments Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



GKN USD Investments Limited

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.

In line with special provisions relating to small companies within Part 15 of the Companies Act 2006, the Company has chosen not to prepare a Strategic Report.

GKN USD Investments Limited helps to manage the exposure of Melrose Industries PLC and its subsidiaries ("the Melrose Group") to currency movements in the US Dollar. There are no anticipated changes to the nature of the Company.

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:

M J Richards
G D Morgan
G E Barnes
J C F Crawford

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 options over shares in Melrose Industries PLC, the ultimate parent company and controlling party, and therefore had an indirect beneficial interest in the Company.

Financial Results

The income statement of the Company shows a profit for the year of £16,000 (2020: £1,628,000).

Dividends

An interim dividend amounting to £nil for the year ended 31 December 2021 (2020: £62,587,000). The Directors have not proposed a final dividend for the year ended 31 December 2021 (2020: £nil).

Going concern

The financial statements have been prepared on a going concern basis. The Company's forecasts show that the Company 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 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.

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

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.

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.

Auditor

Deloitte LLP is deemed to be reappointed as the Company's auditor under section 487(2) of the Companies Act 2006.

Approved by the Board on 29 April 2022 and signed on its behalf by:



G E Barnes
Director
Registration number: 394430

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 then 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 USD Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GKN USD Investments 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the accounting policies; and
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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.

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 USD Investments Limited (continued)

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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

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

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

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

In addition to the above, our procedures to respond to the risks identified included the following:

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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



Nipun Vinaik (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 April 2022

GKN USD Investments Limited (Registered number: 394430)

Income Statement

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Operating profit	2	16	1,628
Profit before tax		16	1,628
Tax	3	-	-
Profit after tax for the year		16	1,628

The above results have arisen from continuing activities in the year. The Company has no gains and losses other than the results for the financial year shown above and therefore no separate statement of comprehensive income has been presented.

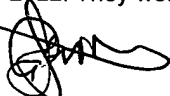
GKN USD Investments Limited (Registered number: 394430)

Balance Sheet

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Investments in subsidiaries	5	16	16
Trade and other receivables	6	1,908	-
Current assets			
Trade and other receivables	6	-	1,892
Total assets		1,924	1,908
Net assets		1,924	1,908
Shareholder's equity			
Share capital	7	100	100
Retained earnings		1,824	1,808
Total equity		1,924	1,908

The financial statements on pages 6 to 11 were approved by the Board of Directors and authorised for issue on 29 April 2022. They were signed on its behalf by:



G E Barnes
Director
GKN USD Investments Limited
Registration number: 394430

Statement of Changes in Equity

For the year ended 31 December 2021

		Share capital	Retained earnings	Total equity
	Notes	£'000	£'000	£'000
At 1 January 2021		100	1,808	1,908
Profit for the year		-	16	16
At 31 December 2021		100	1,824	1,924
<hr/>				
At 1 January 2020		100	62,767	62,867
Profit for the year		-	1,628	1,628
Dividends paid to equity shareholder	8	-	(62,587)	(62,587)
At 31 December 2020		100	1,808	1,908

Notes to the Financial Statements

For the year ended 31 December 2021

1 Accounting policies

GKN USD Investments Limited is a private company limited by shares and is incorporated under the UK Companies Act 2006 and domiciled in the UK, and registered in England and Wales with the registered number 394430. Its registered office is 11th Floor, The Colmore Building, Colmore Circus Queensway, Birmingham, B4 6AT.

The Company's significant accounting policies are summarised below. They have been applied consistently in both years presented.

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, except where other measurement bases are required to be applied under IFRS as explained in the accounting policies below. Historical cost 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 accounts of Melrose Industries PLC, which are available to the public and can be obtained from 11th Floor, The Colmore Building, Colmore Circus Queensway, Birmingham, West Midlands, 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 the Company 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 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.

Adoption of new and revised Standards

New standards, interpretations and amendments effective

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

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. 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 and liabilities

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

GKN USD Investments Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1 Accounting policies (continued)

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).

Significant 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 have considered this and concluded no significant judgements have been made or key estimates utilised in respect of these financial statements.

2 Operating profit/(loss)

Operating profit is stated after (charging)/crediting:

	2021 £'000	2020 £'000
Foreign currency gains	16	1,628

Auditor's remuneration of £2,368 (2020: 2,299) for the audit of the financial statements was borne by another group company and not recharged. The Company had no employees during the year (2020: none).

3 Tax

(a) Analysis of tax charge in the year

	2021 £'000	2020 £'000
UK corporation tax	-	-
Total tax for the year	-	-

(b) Factors affecting the tax charge in the year

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%):

	2021 £'000	2020 £'000
Profit before tax	16	1,628
Tax (charge)/credit calculated at 19% (2020: 19%) standard UK corporate tax rate	(3)	(309)
Non-deductible and non-taxable items	3	309
Total tax for the year	-	-

(c) Changes in UK Corporation tax rates

The rate of UK corporation tax for the year ended 31 December 2021 was 19%. The Finance Act 2021 included a further 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, deferred tax balances as at 31 December 2021 that were previously recognised at 19% are now recognised at 25%, such that a rate change effect arises in the period. There is no effect arising from this change in rate on the closing balance sheet.

4 Directors' emoluments

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).

GKN USD Investments Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

5 Investments in subsidiaries

	£'000
Cost	
At 1 January 2021 and 31 December 2021	12,659
Accumulated impairment	
At 1 January 2021 and 31 December 2021	(12,643)
Net book value at 1 January 2021 and 31 December 2021	16

The subsidiaries of the Company at 31 December 2021 are disclosed in note 10.

6 Trade and other receivables

	2021 £'000	2020 £'000
Amounts owed by Group undertakings	1,908	1,892

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. These amounts are denominated in a foreign currency.

The balance sheet classification as 'current' or 'short-term' as at 31 December 2020 reflected an intention at Melrose Group level to repay amounts following an expected refinancing of its multi-currency revolving credit facility and likely material disposal proceeds. At 31 December 2021, there is no such expectation of repayment and the amounts are therefore classified as 'non-current' or 'longer-term'.

7 Share capital

	Issued and Fully Paid	
	2021 £'000	2020 £'000
Ordinary shares of 10p each (2020: 10p each)	100	100

	2021 Number 000	2020 Number 000
Ordinary shares of 10p each (2020: 10p each)	1,000	1,000

8 Dividends

	2021 £'000	2020 £'000
Interim dividend paid	-	62,587

The dividend paid per share is £nil (2020: 6,258.7p).

9 Controlling parties

The immediate parent is GKN Industries 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, 20 Colmore Circus Queensway, Birmingham, B4 6AT, which is also the registered office of the Company.

10 Subsidiaries and other undertakings

Set out below is a list of the Company's related undertakings as at 31 December 2021. These undertakings were included in the consolidated financial statements of Melrose Industries PLC.

<u>Name</u>	<u>Interest</u>
GKN UK Investments Limited	Ordinary shares and "B" Ordinary shares
GKN UK Holdings BV	Ordinary shares

All undertakings are held directly by the Company and are wholly owned.

The registered office of all subsidiaries is 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT.