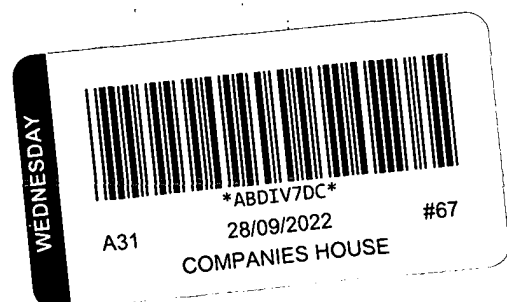


Registered number: 00649576

GKN Driveline Service Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



GKN Driveline Service Limited

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GKN Driveline Service Limited

Strategic Report

For the year ended 31 December 2021

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

GKN Driveline Service Limited ('the Company') performed well in 2021. This performance was achieved whilst continuing to ensure the health and wellbeing of employees and stakeholders whilst dealing with the ongoing COVID-19 pandemic; and managing changes linked to the UK's decision to leave the European Union.

Business Review

GKN Driveline Service Limited operates in the automotive sector, manufacturing and assembling drive train components. During the year the Company has seen a 41% increase in turnover to £8,608,000 (2020: £6,123,000). This was in part due to our customers reducing volumes in the prior year whilst they dealt with the COVID-19 situation. However, the sales achieved also represented a 6% increase on 2019, the year prior to the COVID-19 outbreak.

The growth in turnover has been achieved across all areas of the Company's automotive business

As a result of the increased turnover and ongoing cost management practices the Company has achieved an operating profit of £1,125,000 for the financial year. This represents an increase of £882,000 compared to the prior year. Net assets have increased from £13,179,000 to £14,428,000 due chiefly to the profit in the year.

The strategic direction for the automotive business is to grow revenues from continued success in winning new business in our key markets and from developing our business with existing customers.

Principal Risks and Uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Melrose Group and are not managed separately. Accordingly, the principal risks and uncertainties of Melrose Industries PLC ('the Group'), which include those of the Company, are discussed on pages 42 to 49 of the Group's annual report which does not form part of this report.

As stated in the Group's annual report, Melrose have realigned climate change risk as a new standalone Group risk to reflect risks and increased regulations in this area.

The Company is monitoring the situation in the Ukraine which escalated at the start of 2022 to ensure minimal disruption to our customers.

Key Performance Indicators

The Company's operations are managed on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance, and position of GKN Automotive, which includes this Company, is discussed on pages 18 to 23 of the Melrose Industries PLC annual report which does not form part of this report.

Approved by the Board on 27 September 2022 and signed on its behalf by:



Daniel Martinez
Director
Registration number: 00649576

GKN Driveline Service Limited

Directors' Report

For the year ended 31 December 2021

The Directors present the Directors' Report and the audited Financial Statements for the year ended 31 December 2021.

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:

Garry Barnes
Jonathon Crawford
Andrew Henstock
Dániel Martínez
Geoffrey Morgan
Matthew Richards

Financial Results

The profit and loss account of the Company shows a profit for the financial year of £1,249,000 (2020: £311,000).

Dividends

No interim dividend was paid for the year ended 31 December 2021 (2020: £nil). The Directors have not proposed a final dividend for the year ended 31 December 2021 (2020: £nil).

Future Developments

The Company intends to continue in the current automotive sector, growing revenues from continued success in winning new business in our key markets and from developing our business with existing customers.

Research and Development

The Company does not undertake research and development work.

Going Concern

The Financial Statements have been prepared under the going concern basis, with net assets at 31 December 2021 of £14,428,000 (2020: £13,179,000) and net current assets of £13,616,000 (2020: £12,379,000).

As part of their consideration of going concern the Directors have reviewed the Company's future cash forecast and profit projections. These show that the Company expects to be able to operate for 12 months from the date of the approval of these financial statements. Accordingly, the financial statements have been prepared on the going concern basis.

The Company is a subsidiary of Melrose Industries plc, a global manufacturing and engineering group. The 2021 Annual Report of Melrose Industries PLC disclosed covenant headroom of £2,998m (2020: £1,136m). The Group has modelled a reasonably possible downside scenario against future cash forecasts and throughout this scenario the Group would not breach any revised financial covenants, nor would it require additional sources of financing.

Financial Risk Management

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

Directors' Report (continued)

For the year ended 31 December 2021

Future Outlook

The Company expects to see an increase in turnover in 2022 from both existing and new automotive customers.

Directors' Responsibilities Statement

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;
- 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.

The auditor's responsibilities in relation to the financial statements are set out in their report on pages 5 to 7.

Disclosure of Information to Auditors

In the case of each of the persons who were 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 is 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 is aware of that information.

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

Directors' Indemnity

The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Independent Auditor

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

Approved by the Board on 27 September 2022 and signed on its behalf by:



Daniel Martinez
Director
Registration number: 00649576

Independent auditor's report to the members of GKN Driveline Service Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GKN Driveline Service 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 of GKN Driveline Service Limited (the 'company') which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- and the related notes 1 to 23.

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 material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the 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.

**Independent auditor's report to the members of GKN Driveline Services Limited
(continued)**

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 Financial Reporting Council'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, 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 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Independent auditor's report to the members of GKN Driveline Services Limited
(continued)**

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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



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

27 September 2022

GKN Driveline Service Limited

Income Statement

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Sales	2	8,608	6,123
Cost of sales		(6,289)	(4,956)
Gross profit		2,319	1,167
Administrative income / (expenses)		(378)	(381)
Other operating expenses		(792)	(533)
Trading profit	3	1,149	253
Change in value of derivative and other financial instruments		(24)	(10)
Operating profit		1,125	243
Interest (payable)/receivable		(4)	14
Net financing costs	4	(4)	14
Profit before taxation		1,121	257
Tax credit on profit	5	128	54
Profit after taxation and Total comprehensive income for the financial year		1,249	311

All results are all derived from continuing operations.

There are no items of other comprehensive income for either the year or the prior year other than the profit for the year. Accordingly, no statement of other comprehensive income has been presented.

The accompanying notes are an integral part of the Financial Statements.

GKN Driveline Service Limited


Balance Sheet

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Intangible assets	7	-	-
Property, plant and equipment	8	677	946
Investments in subsidiaries	9	1	1
Deferred tax assets	5	457	329
		1,135	1,276
Current assets			
Inventories	10	1,187	1,145
Trade and other receivables	11	13,964	12,312
Cash and cash equivalents	13	177	183
		15,328	13,640
Total assets		16,463	14,916
Liabilities			
Current liabilities			
Derivative financial instruments	14	(31)	(10)
Trade and other payables	12	(1,606)	(1,170)
Provisions	15	(75)	(81)
		(1,712)	(1,261)
Non-current liabilities			
Derivative financial instruments	14	(3)	-
Trade and other payables	12	(103)	(260)
Provisions	15	(217)	(216)
		(323)	(476)
Total liabilities		(2,035)	(1,737)
Net assets		14,428	13,179
Shareholders' equity			
Share capital	16	15,113	15,113
Share premium account		8,896	8,896
Accumulated losses		(9,651)	(10,900)
Other reserves		70	70
Total equity		14,428	13,179

The accompanying notes are an integral part of the Financial Statements.

The Financial Statements on pages 8 to 28 were approved by the Board of Directors and authorised for issue on 27 September 2022. They were signed on its behalf by:



Daniel Martinez
Director
Registration number: 00649576

Statement of Changes in Equity

For the year ended 31 December 2021

Notes	Share capital £'000	Share premium account £'000	Accumulated losses £'000	Other reserves £'000	Total equity £'000
At 1 January 2021	15,113	8,896	(10,900)	70	13,179
Profit for the financial year and total comprehensive income	-	-	1,249	-	1,249
At 31 December 2021	15,113	8,896	(9,651)	70	14,428
At 1 January 2020	15,113	8,896	(11,211)	70	12,868
Profit for the financial year and total comprehensive income	-	-	311	-	311
At 31 December 2020	15,113	8,896	(10,900)	70	13,179

The accompanying notes are an integral part of the Financial Statements.

Notes to the Financial Statements

For the year ended 31 December 2021

1 Accounting policies and presentation

GKN Driveline Service Limited is a private company limited by shares, incorporated and domiciled in the UK under the Companies Act 2006, and registered in England and Wales with the registration number 00649576. Its registered office is Unit 5 Kingsbury Business Park, Kingsbury Road, Minworth, Sutton Coldfield, B76 9DL. The Company's significant accounting policies, which have been consistently applied, are summarised below.

Basis of preparation

These statements have been prepared on a going concern basis under the historical cost convention except where other measurement bases are required to be applied and in accordance with IFRS under Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101) and in accordance with the Companies Act 2006 as applicable to companies using FRS101.

These statements have been prepared using all standards and interpretations required for financial periods beginning 1 January 2021. No standards or interpretations have been adopted before the required implementation date. These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Melrose Industries PLC. The group accounts of Melrose Industries PLC are available to the public and can be obtained as set out in note 21.

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

The following exemptions have been applied in accordance with FRS 101, as the relevant disclosure is contained in the Group Financial Statements of Melrose Industries PLC (details can be obtained as disclosed in note 21):

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures'; and
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

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

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment; and
 - (iii) paragraph 118(e) of IAS 38 Intangible assets.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for a minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third balance sheet);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1 Accounting policies and presentation (continued)

Going Concern

The Financial Statements have been prepared under the going concern basis, with net assets at 31 December 2021 of £14,428,000 (2020: £13,179,000) and net current assets of £13,616,000 (2020: £12,379,000).

As part of their consideration of going concern the Directors have reviewed the Company's future cash forecast and profit projections. These show that the Company expects to be able to operate for 12 months from the date of the approval of these financial statements. Accordingly, the financial statements have been prepared on the going concern basis.

The Company is a subsidiary of Melrose Industries PLC, a global manufacturing and engineering group. The 2021 Annual Report of Melrose Industries PLC disclosed covenant headroom of £2,998m (2020: £1,136m). The Group has modelled a reasonably possible downside scenario against future cash forecasts and throughout this scenario the Group would not breach any revised financial covenants, nor would it require additional sources of financing.

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.

Presentation of the income statement

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

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

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

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

Revenue recognition

Sales

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

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer. The Company recognises revenue when it transfers control of a product to a customer based on the relevant contract. The point at which this occurs varies by contract but is either at the point of dispatch to the customer or acceptance or certification by the customer

Other income

Interest income is recognised using the effective interest rate method.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1 Accounting policies and presentation (continued)

Property, plant and equipment

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

Cost

Cost comprises the purchase price plus costs directly incurred in bringing the asset into use.

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

Depreciation

Depreciation is not provided on freehold land or capital work in progress. In the case of all other categories of property, plant and equipment, depreciation is provided on a straight line basis over the course of the financial year from the date the asset is available for use.

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

The range of depreciation lives are:

	Years
Land and buildings	Up to 50
Plant and machinery	6 to 15
Other tangible assets	3 to 8

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

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

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1 Accounting policies and presentation (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

The Company has adopted IFRS 9 Financial Instruments with effect from 1 January 2020. There has been no material impact on the accounts through the adoption of IFRS 9.

Derivative financial instruments

The Company does not trade in derivative financial instruments. Derivative financial instruments including forward foreign currency contracts and cross currency interest rate swaps are used by the Company to manage its exposure to risk associated with the variability in cash flows in relation to both recognised assets or liabilities or forecast transactions. All derivative financial instruments are measured at the balance sheet date at their fair value.

Where derivative financial instruments are not designated as or not determined to be effective hedges, any gain or loss on remeasurement is taken to the income statement. Where derivative financial instruments are designated as and are effective as cash flow hedges, any gain or loss on remeasurement is held in equity and recycled through the income statement when the designated item is transacted, unless related to the purchase of a business, when recycled against consideration.

Gains or losses on derivative financial instruments no longer designated as effective hedges are taken directly to the income statement.

Derivatives embedded in non-derivative host contracts are recognised at their fair value when the nature, characteristics and risks of the derivative are not closely related to the host contract. Gains and losses arising on the remeasurement of these embedded derivatives at each balance sheet date are taken to the income statement.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment charges.

Where computer software is not integral to an item of property, plant or equipment its costs are capitalised and categorised as intangible assets. Cost comprises the purchase price plus costs directly incurred in bringing the asset into use. Amortisation is provided on a straight line basis over its useful economic life which is in the range of 3-5 years.

Research expenditure and development expenditure not qualifying for capitalisation is written off as incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1 Accounting policies and presentation (continued)

Investments in subsidiaries and other undertakings

Investments in subsidiaries and other undertakings are held at cost less accumulated impairment losses.

Inventories

Inventories are valued at the lower of cost and estimated net realisable value with due allowance being made for obsolete or slow-moving items. Cost is determined on a first in, first out or weighted average cost basis. Cost includes raw materials, direct labour, other direct costs and the relevant proportion of works overheads assuming normal levels of activity. Net realisable value is the estimated selling price less estimated selling costs and costs to complete.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current tax and deferred tax for the year

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

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.

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

In 2019 the main GKN UK pension scheme was split into four new separate schemes with effect from 1 July 2019. Under the new structure the balance for the schemes in which the Company partakes is held by GKN Automotive Ltd.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1 Accounting policies and presentation (continued)

Provisions

Provisions for onerous or loss making contracts, warranty exposures, environmental matters, restructuring, employee obligations and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in provisions due to discounting, only recorded where material, is recognised as interest expense within other net financing charges.

Standards, revisions and amendments to standards and interpretations issued but not yet adopted

The Company does not intend to adopt any standard, revision or amendment before the required implementation date. At the date of authorisation of these financial statements, there have been no standards which have not been applied in these financial statements that were in issue but not yet effective.

During the year amendments were issued to IFRS 9, IAS 39, IFRS 7 and IFRS 4, however these did not affect the Company.

Critical accounting judgements and key sources of estimation uncertainty

The Company's significant accounting policies are set out above. The preparation of financial statements, in conformity with FRS 101, requires the use of estimates, subjective judgement and assumptions that may affect the amounts of assets and liabilities at the balance sheet date and reported profit and earnings for the year. The Directors base these estimates, judgements and assumptions on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

Critical accounting judgements

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

Key sources of estimation uncertainty.

There are no key sources of estimation uncertainty.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2 Sales

The Company derives its sales from the provision of goods which fall within the Company's ordinary activity, that of the sale, manufacture and repair of automotive driveline components. An analysis of sales by geographical location by destination is given below:

	United Kingdom £'000	USA £'000	Europe £'000	Other countries £'000	Total non-UK £'000	Total £'000
2021						
Sale, manufacture and repair	4,772	756	2,905	175	3,836	8,608
2020						
Sale, manufacture and repair	3,260	204	2,490	169	2,863	6,123

3 Operating profit

The analysis of the additional components of operating profit is shown below:

(a) Trading profit

	2021 £'000	2020 £'000
Sales	8,608	6,123
Operating costs		
Change in stocks of finished goods and work in progress	(17)	(11)
Raw materials and consumables	4,202	3,076
Staff costs (note 6)	1,428	1,335
Reorganisation	-	9
Amortisation of intangible assets	-	5
Depreciation of property, plant and equipment	297	273
Net profits on sale of plant and machinery	-	(2)
Short term and low value lease rentals payable:		
Plant and equipment	-	1
Property	-	(9)
Net exchange differences on foreign currency transactions	39	13
Audit fees payable to the Company's auditor (i)	11	10
Other costs (ii)	1,499	1,170
Trading profit	1,149	253

(i) All fees payable to the Company's auditor include amounts in respect of expenses. All fees payable have been charged to the income statement and relate to the auditing of the financial statements. There were £Nil non-audit services in 2021 (2020: £Nil).

(ii) Other costs include warranty charges £4k (2020: £7k) and Group recharges £671k (2020: £436k).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

3 Operating profit (continued)

(b) Change in value of derivative and other financial instruments

	2021 £'000	2020 £'000
Forward currency contracts (not hedge accounted)	(24)	(10)
	(24)	(10)

IAS 39 requires derivative financial instruments to be valued at the balance sheet date and any difference between that value and the intrinsic value of the instrument to be reflected in the balance sheet as an asset or liability. Any subsequent change in value is reflected in the income statement unless hedge accounting is achieved. Such movements do not affect cash flow or the economic substance of the underlying transaction.

4 Net financing costs

	2021 £'000	2020 £'000
Interest receivable		
Interest receivable		
Short term investments, loans and deposits	-	18
Interest on finance lease assets	(4)	(4)
Net interest receivable	(4)	14

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

5 Taxation**(a) Tax expense**

	2021 £'000	2020 £'000
Analysis of tax charge/(credit) in year		
Current tax charge/(credit)		
UK corporation tax		
- Current year UK corporation tax charge/(credit)	-	-
- Adjustment in respect of prior years	-	-
Total current tax	-	-
Deferred tax charge/(credit)		
Origination and reversal of temporary differences		
- Current year	(128)	(53)
- Adjustment in respect of prior years	-	(1)
Total deferred tax	(128)	(54)
Total tax credit for the year	(128)	(54)

(b) Factors affecting the tax (credit)/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% (2020: 19%).

	2021		2020	
Tax reconciliation	£'000	%	£'000	%
Profit on ordinary activities before tax	1,121		257	
Profit on ordinary activities multiplied by the standard UK corporation tax rate of 19% (2020: 19%)	213	19.0	49	19.1
Group relief at nil tax rate	(238)	(21.2)	(70)	(27.2)
Other movements in deferred taxation	-	-	(32)	(12.5)
Effect of change in corporation tax rate on deferred tax recognition	(103)	(9.2)	-	-
Adjustment to deferred tax charge in respect of prior periods	-	-	(1)	(0.4)
Total tax (credit)/charge for the year	(128)	(11.4)	(54)	(21.0)

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

5 Taxation (continued)

(c) Recognised deferred tax

	2021 £'000	2020 £'000
Assets	457	329
	457	329

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

	Assets		
	Fixed assets £'000	Other £'000	Total £'000
At 1 January 2021	272	57	329
Included in the income statement	112	16	128
At 31 December 2021	384	73	457
At 1 January 2020	227	48	275
Included in the income statement	45	9	54
At 31 December 2020	272	57	329

'Other' deferred tax arises mainly in relation to items that are taxable or tax deductible in a different period than the income or expense is accrued in the accounts.

(d) Changes in UK tax rate

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

6 Employees including Directors

Employee benefit expense

	2021 £'000	2020 £000
Wages and salaries	1,098	1,032
Social security costs	113	105
Post-employment costs	217	198
	1,428	1,335

Average monthly number of employees (including Executive Directors)

	2021 Number	2020 Number
By activity		
Production	13	13
Selling and distribution	6	6
Administration	12	13
	31	32

Directors' emoluments

	2021 £'000	2020 £000
Aggregate remuneration	154	144
Aggregate Company contributions to pension schemes	12	12
	166	156

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.

Number of Directors receiving benefits and share incentives

	2021 Number	2020 Number
Accrued benefits under defined benefit pension schemes in respect of qualifying services	-	-
Accruing benefits under money purchase pension schemes in respect of qualifying services	2	2
Received/entitled to receive shares under long term incentive schemes in respect of qualifying services	-	-

Pension benefits are provided to Directors through the GKN Group Pension Scheme 2012 (the Scheme). Directors are entitled to receive benefits under the defined benefit or defined contribution sections of the Scheme depending on when they joined the Group and/or they may choose to take a cash allowance.

One Director was entitled to legacy arrangements under the defined benefit section of the Scheme, which closed to future accruals on 30 June 2017. From 1 July 2019 all Directors with qualifying services have accrued benefits under the defined contribution (money purchase) section of the Scheme.

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

7 Intangible assets

	Computer software £'000	Total £'000
Cost		
At 1 January 2021	101	101
At 31 December 2021	101	101
Accumulated amortisation		
At 1 January 2021	101	101
At 31 December 2021	101	101
Net book amount at 31 December 2021	-	-
Net book amount at 31 December 2020	-	-

8 Property, plant and equipment

	Right-of-use Assets* £'000	Land and buildings £'000	Plant and machinery £'000	Other tangible assets £'000	Total £'000
Cost					
At 1 January 2021	753	257	2,022	179	3,211
Additions	28	-	-	-	28
At 31 December 2021	781	257	2,022	179	3,239
Accumulated depreciation					
At 1 January 2021	304	257	1,575	129	2,265
Charge for the year	191	-	82	24	297
At 31 December 2021	495	257	1,657	153	2,562
Net book amount at 31 December 2021	286	-	365	26	677
Net book amount at 31 December 2020	449	-	447	50	946

Right-of-use assets are made up of £257k (2020: £425k) of buildings and £29k (2020: £24k) of plant and equipment.

Included within other tangible assets at net book amount are fixtures, fittings and computer equipment.
All land and buildings are short term leasehold land and buildings.

Right-of-use assets

The Company leases several assets including buildings and vehicles for use in the Company's operations. The average lease term is 3 years (2020: 3 years). None of the lease contracts expired during the year.

The maturity analysis of lease liabilities is presented in note 18.

Amounts recognised in profit and loss

	2021 £'000	2020 £'000
Depreciation on right-of-use assets	191	184
Interest expense on lease liabilities	4	4
(Credit)/Expense related to short-term and low value leases	-	(8)
	195	180

At 31 December 2021 the Company is committed to £Nil (2020: £Nil) for short-term leases.

The total cash outflow for leases amounted to £195k (2020: £190k). At 31 December 2021 the Company had not entered into any new lease contracts which have not yet commenced.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

9 Investments in subsidiaries and other undertakings

	Investment in subsidiaries £'000	Total £'000
Cost		
At 1 January 2021	1	1
At 31 December 2021	1	1
Accumulated impairment		
At 1 January 2021	-	-
At 31 December 2021	-	-
Net book amount at 31 December 2021	1	1
Net book amount at 31 December 2020	1	1

The Subsidiary and other undertakings of the Company at 31 December 2021 are disclosed in note 22.

Following an annual impairment review, management believe each of the Company's investments is supported by its underlying net assets.

10 Inventories

	2021 £'000	2020 £'000
Raw materials	797	772
Work in progress	147	163
Finished goods	243	210
	1,187	1,145

Inventories of £10k (2020: £10k) are carried at net realisable value. The amount of any write down of inventory recognised as an expense in the year was £Nil (2020: £Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

11 Trade and other receivables

	2021 £'000	2020 £'000
Current		
Trade receivables	829	661
Amounts owed by group subsidiaries	3	13
Amounts owed by joint ventures	-	9
Current account with parent	13,055	11,570
Prepayments	77	59
	13,964	12,312
Provisions for doubtful debts against trade receivables		
At 1 January	-	-
Charge for the year		
Additions	-	-
Amounts used	-	-
At 31 December 2021	-	-
Trade receivables subject to provisions for doubtful debts	-	-
Ageing analysis of trade receivables and amounts owed by joint ventures past due but not impaired		
Up to 30 days overdue	1	33
31 – 60 days overdue	2	9
61 – 90 days overdue	-	-
More than 90 days overdue	-	-

There is no provision against other receivable categories.

Amounts owed by group subsidiaries are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12 Trade and other payables

	2021		2020	
	Current £'000	Non-current £'000	Current £'000	Non-current £'000
Amounts owed to suppliers	492	-	326	-
Amounts owed to group subsidiaries	786	-	205	-
Payroll taxes, indirect taxes and audit fees	96	-	237	-
Amounts due to employees and employee benefit plans	33	-	24	-
Customer advances and deferred income	16	-	49	-
Finance lease creditor	183	103	189	260
Other creditors	-	-	140	-
	1,606	103	1,170	260

Amounts owed to group subsidiaries are unsecured, interest free and are repayable on demand.

There are no amounts falling due after more than five years.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

13 Cash and cash equivalents

	2021		2020	
	Current £'000	Non-current £'000	Current £'000	Non-current £'000
Bank balances and cash	177	-	183	-
Cash and cash equivalents	177	-	183	-

14 Derivative financial instruments

	2021					2020				
	Assets		Liabilities		Total	Assets		Liabilities		Total
	Non-current	Current	Non-current	Current		Non-current	Current	Non-current	Current	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Forward currency contracts	-	-	(3)	(31)	(34)	-	-	-	(10)	(10)
	-	-	(3)	(31)	(34)	-	-	-	(10)	(10)

15 Provisions

	Reorganise £'000	Warranty £'000	Litigation £'000	Dilapidation £'000	Total £'000
At 1 January 2021	9	20	68	200	297
Net charge for the year:					
Additions	-	4	-	-	4
Amounts used	(9)	-	-	-	(9)
At 31 December 2021	-	24	68	200	292
Due within one year	-	7	68	-	75
Due in more than one year	-	17	-	200	217
	-	24	68	200	292

Whilst estimating provisions requires judgement, the range of reasonably possible outcomes is narrow. After consideration of sensitivity analysis, amounts stated represent management's best estimate of the likely outcome.

The reorganisation provision represented a provision against future leavers.

It is the Melrose Group policy to hold a warranty provision of the last five years warranty charges. The provisions which are due in more than one-year total £17k and represent charges which will begin to be released in 2022.

The litigation provision represents a provision against a customer claim.

Dilapidation provision is for the leased property in Minworth which will be released on expiration of the leases which currently expires in 2023 (£200k). The dilapidations provision is to make changes to the property to bring it to its original state as part of contracted terms.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

16 Share capital

	Issued and Fully Paid	
	2021 £'000	2020 £'000
Ordinary shares of £1 each At 1 January and 31 December	15,113	15,113

	2021 Number 000s	2020 Number 000s
Ordinary shares of £1 each At 1 January and 31 December	15,113	15,113

17 Post-employment obligations

The Company's pension arrangements comprise a defined benefit and defined contribution scheme.

The Company's defined benefit pension scheme is funded, albeit in deficit in common with many other UK pension schemes, with the scheme assets held in trustee administered funds.

The Company's defined benefit pension arrangements provide benefits to members in the form of an assured level of pension payable for life. The level of benefits provided typically depends on length of service and salary levels in the years leading up to retirement. Pensions in payment are generally updated in line with inflation. The schemes are also closed to new entrants.

During 2019 the main GKN UK pension scheme was split into four new separate schemes taking effect from 1 July 2019. Under the new structure the balance for the schemes in which the Company partakes is held by GKN Automotive Ltd.

Defined benefit scheme – risk factors

The risk factors associated to the GKN pension scheme are included in the accounts of GKN Automotive Ltd.

Defined contribution schemes

The charge to the income statement in the year from the defined contribution scheme was £217,000 (2020: £198,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

18 Lease liabilities

Amounts payable under lease liabilities:

	2021 £'000	2020 £'000
Analysed as:		
Non-current	103	260
Current	183	189
	286	449
	2021 £'000	2020 £'000
Maturity analysis:		
Year 1	183	189
Year 2	95	174
Year 3	8	86
Onwards	-	-
	286	449

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.
All lease obligations are denominated in GBP.

19 Capital expenditure

Contracts placed against capital expenditure sanctioned at 31 December 2021 which are not provided amounted to £13k property, plant and equipment and £Nil intangible assets (2020: £Nil property, plant and equipment, £Nil intangible assets).

20 Related party transactions

In accordance with FRS 101 the Company has taken advantage of the exemption not to disclose the transactions with other Group undertakings.

During the year the company made following related party transactions with Shanghai GKN Drive Shaft Company Limited, a Melrose Industries PLC group joint venture.

During the year the Company sold goods to Shanghai GKN Drive Shaft Company Ltd for a value of £14k (2020: £30k). At the balance sheet date, the amount due from Shanghai GKN Drive Shaft Company Limited was £Nil (2020: £9k).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

21 Controlling parties

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

The parent of the largest and smallest 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, B4 6AT, which is also the registered address of this Company.

The parent of the smallest group in which these results are consolidated is GKN Holdings Limited. Consolidated financial statements of GKN Holdings Limited are available from the address above.

22 Subsidiaries and other undertakings

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

<u>Name</u>	<u>Registered office</u>	<u>Interest</u>	<u>Proportion of nominal value</u>
Ball Components Ltd	11 th Floor The Colmore Building, Colmore Circus Queensway, Birmingham, B4 6AT	Ordinary shares	100%

The above undertaking is held directly by the Company.

23 Post balance sheet events

Nothing to report.