

Forgings International Holdings 1 Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Forgings International Holdings 1 Limited

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Forgings International Holdings 1 Limited

Company Information

Directors JF Hancock

M Bugarcic

Company secretary P Papinniemi-Ainger

Registered office Johnson Lane
Ecclesfield
Sheffield
South Yorkshire
S35 9XH
United Kingdom

Independent Auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

Forgings International Holdings 1 Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activities

The company did not trade during the year.

Review of the business and future developments

The results of the Company for the year ended 31 December 2019 are shown in the profit and loss account on page 8 and show a profit for the financial year of £438,000 (2018: £798,000).

The financial position of the Company as at 31 December 2019 is shown on the balance sheet on page 10. The directors note that the balance sheet shows a net liability position but as noted in note 3.2 the Company has the support of fellow group companies.

The directors do not consider there to be any likely future developments of significance.

Key performance indicators (KPIs)

Given the straightforward nature of the business the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

From the perspective of the Company the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Howmet Aerospace Inc., which include those of the Company are discussed in the section entitled "Risk factors" in the Howmet Aerospace Inc. Group's 2019 Annual report which does not form part of this report. Details of where the annual report can be found are shown in note 14 to the financial statements or on the Howmet Aerospace Inc. website (www.howmet.com).

Brexit

The Company spent a significant portion of 2019 preparing for the possible disorderly exit from the EU as a result of the Brexit vote in 2016. A specific team was assembled to address the potential issues identified and was focussed on the key themes of Customer, People, Suppliers and Administrative. The Company will continue to work through the potential implications of the transition period in much the same way to ensure all appropriate actions are being taken.

Covid-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken to contain the virus have affected economic activity and include limiting the movement of people and the temporary closure of businesses and schools. In the Going Concern section of the Directors' report, the directors set out the impact of the crisis on the going concern assessment. The crisis is a Non Adjusting Post Balance Sheet event as far as these financial statements are concerned. It is not possible to assess the potential impact of Covid on the carrying value of the company's assets in the forthcoming financial year.

Forgings International Holdings 1 Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Section 172(1) statement

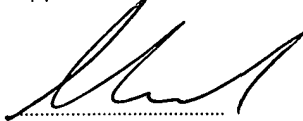
The Board acknowledges that the long-term success of the Company is dependent on the way it works with several important stakeholders. The board are supported in their duty by the management team of Howmet Aerospace, located in Pittsburgh, USA. Key stakeholders are considered in their decision making and in doing so ensure the directors' duty is discharged under section 172 of the Companies Act 2006. More information on the Howmet Aerospace leadership team is available from www.howmet.com/leadership.

Howmet Aerospace are committed to having a positive impact on our customers, shareholders, employees, and the communities and markets in which we operate. To that effect, Howmet Aerospace publish an annual Environmental, Social and Governance Report in line with Global Reporting Initiative (GRI) Standards. A full copy of this report is available from www.howmet.com/environmental-social-governance.

We're guided by our Values, Code of Conduct, and ethics and compliance program to make the right decision – every time. This includes Code of Conduct training for all employees, Anti-Corruption Program, Human Rights Program and 24/7 integrity helpline. For more information please visit www.howmet.com/ethics.

The Directors acknowledge their duty to act fairly between all members of the company. Key stakeholders are considered in the decision making process of the board with due consideration to the corporate policies referenced above.

Approved by the Board on 27 November 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'JF Hancock', written over a horizontal dotted line.

JF Hancock
Director

Forgings International Holdings 1 Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

Directors of the company

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

LM Fargas Mas (resigned 7 September 2020)

KL Dowdall (resigned 28 June 2019)

JF Hancock (appointed 1 July 2019)

The following director was appointed after the year end:

M Bugarcic (appointed 7 September 2020)

Future developments

The future developments in the business are set out in the Strategic Report on page 2.

Going concern

Howmet Aerospace Inc. has pledged to continue to support the Company by continued access to the Company's cash resources within the group cash pooling facilities and also by providing sufficient funding should it be necessary to enable the Company to trade for at least twelve months from the date of approval of the financial statements. The directors are satisfied that Howmet Aerospace Inc. will honour its commitment of support. The Company therefore continues to adopt the going concern basis of preparing its financial statements.

Financial risk management policies

The directors have reviewed the financial risk management objectives and policies of the Company. The Company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. The directors do not consider there to be any material financial risks.

Disclosure of indemnities

The directors confirm under section 234 of the Companies Act 2006 that:

- at the time this directors' report is signed a qualifying third party indemnity provision (provided by the ultimate parent company, Howmet Aerospace Inc.) was in force for the benefit of all the directors of the Company;
- for the financial year ending 31 December 2019 a qualifying third party indemnity provision (provided by the ultimate parent company, Howmet Aerospace Inc.) was in force for the benefit of all the directors of the Company; and
- that there is no qualifying third party indemnity provision provided by the Company for one or more directors of an associated company either on the date the directors' report is signed or in the last financial year.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", 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 these financial statements, the directors are required to:

Forgings International Holdings 1 Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

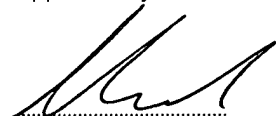
Disclosure of information to the auditors

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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

PricewaterhouseCoopers LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an AGM.

Approved by the Board on 27 November 2020 and signed on its behalf by:



JF Hancock
Director

Independent auditors' report to the members of Forgings International Holdings 1 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Forgings International Holdings 1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Forgings International Holdings 1 Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

9 December 2020

Forgings International Holdings 1 Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover		-	-
Operating profit/(loss)	5	-	-
Profit/(loss) before tax		-	-
Taxation	8	<u>438</u>	<u>798</u>
Profit for the financial year		<u><u>438</u></u>	<u><u>798</u></u>

The above results were derived from continuing operations.

The company had no other comprehensive income for the year other than the results above.

The notes on pages 12 to 19 form an integral part of these financial statements.

Forgings International Holdings 1 Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

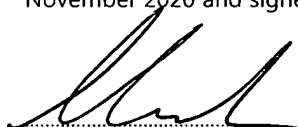
	2019	2018
	£ 000	£ 000
Profit for the financial year	<u>438</u>	<u>798</u>
Total comprehensive income for the year	<u>438</u>	<u>798</u>

Forgings International Holdings 1 Limited

(Registration number: 04597895)
Balance Sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Investments	9	49,726	49,726
Current assets			
Debtors	10	1,951	1,513
Creditors: Amounts falling due within one year	11	<u>(97,517)</u>	<u>(97,517)</u>
Net current liabilities		<u>(95,566)</u>	<u>(96,004)</u>
Net liabilities		<u>(45,840)</u>	<u>(46,278)</u>
Capital and reserves			
Called up share capital	12	1,830	1,830
Share premium reserve		4,829	4,829
Profit and loss account		<u>(52,499)</u>	<u>(52,937)</u>
Total equity		<u>(45,840)</u>	<u>(46,278)</u>

The financial statements on pages 8 to 19 were approved and authorised by the Board of Directors on 27 November 2020 and signed on its behalf by:



JF Hancock
Director

Forgings International Holdings 1 Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	1,830	4,829	(52,937)	(46,278)
Profit for the year	-	-	438	438
Total comprehensive income	-	-	438	438
At 31 December 2019	1,830	4,829	(52,499)	(45,840)

Profit and loss account represents cumulative retained comprehensive income.

Share premium account represents consideration received in respect of the issuance of share capital in excess of the nominal value of that share capital, less any costs directly incurred in connection with the issue.

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	1,830	4,829	(53,735)	(47,076)
Profit for the year	-	-	798	798
Total comprehensive income	-	-	798	798
At 31 December 2018	1,830	4,829	(52,937)	(46,278)

The notes on pages 12 to 19 form an integral part of these financial statements.

Forgings International Holdings 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The Company is incorporated in England and Wales. The Company's registered office is located in England.

The address of its registered office is:

Johnson Lane
Ecclesfield
Sheffield
South Yorkshire
S35 9XH
United Kingdom

These financial statements were authorised for issue by the Board on 27 November 2020.

2 Statement of compliance

The financial statements of Forgings International Holdings 1 Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

3.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Going concern

Howmet Aerospace Inc. has pledged to continue to support the Company by continued access to the Company's cash resources within the group cash pooling facilities and also by providing sufficient funding should it be necessary to enable the Company to trade for at least twelve months from the date of approval of the financial statements. The directors are satisfied that Howmet Aerospace Inc. will honour its commitment of support. The Company therefore continues to adopt the going concern basis of preparing its financial statements.

Forgings International Holdings 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3.3 Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Howmet Aerospace Inc., includes the Company's cash flows in its own consolidated financial statements.

This information is included in the consolidated financial statements of Howmet Aerospace Inc. as at 31 December 2019 which can be obtained from Howmet Aerospace Inc. Corporate Office, 201 Isabella Street, Pittsburgh, PA 15212-5828, USA.

3.4 Exemption from the requirement to prepare consolidated financial statements

The Company is a wholly owned subsidiary of Howmet Aerospace Inc. It is included in the consolidated financial statements of Howmet Aerospace Inc. which are publicly available from either the address set out in note 14 to the financial statements or the Howmet Aerospace Inc. website (www.howmet.com). Therefore the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

3.5 Related party transactions

The Company has taken advantage of the exemption, under FRS 102, from disclosing transactions with members of the same group that are wholly owned and key management personnel.

3.6 Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and the loss account except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within administrative expenses. All other foreign exchange gains and losses are presented in the profit and loss account within cost of goods sold.

3.7 Investments

Investment in subsidiary company is held at cost less accumulated impairment losses.

Forgings International Holdings 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3.8 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Amounts owed to group undertakings are obligations to pay for goods or services that have been acquired in the ordinary course of business. Amounts owed to group undertakings are classified as Creditors: amounts falling due within one year if payment is due within one year or less. If not, they are presented as Creditors: amounts falling due after more than one year. Amounts owed to group undertakings are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Forgings International Holdings 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

(iv) Derivatives

Derivative financial instruments can be a financial asset or a financial liability and are not basic financial instruments.

Derivatives, including forward foreign exchange contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The Company does not currently apply hedge accounting for foreign exchange derivatives.

3.9 Finance income and costs

(i) Interest income

Interest income is recognised using the effective interest rate method.

(ii) Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.10 Called up share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3.11 Impairment of non-current financial assets

At each balance sheet date non-current financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Forgings International Holdings 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3.12 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Where relief is claimed against losses sustained by other companies in the group, this relief is charged to the Company by the donor company at the rate of £1 for every £1 of taxation not paid. Amounts payable for group relief are included in the taxation charge of the Company.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current or deferred taxation assets and liabilities are not discounted.

4 Critical accounting judgements and estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Company considers if there is a trigger for impairment and if so whether investments are impaired. If there is an impairment review this requires consideration of the financial position and financial performance of the subsidiary companies as listed in note 9 and the estimation of future revenues and future cash flows from the company as well as the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

The directors consider that there are no significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

Forgings International Holdings 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 **(continued)**

5 Operating result

The audit fees amounting to £1,500 (2018: £1,500) of the Company have been paid by Firth Rixson Limited with no recharge to the Company. The remuneration of the Company's auditors for the provision of non-audit services to the Company was nil (2018: nil).

6 Staff costs

There were no persons employed by the Company during the year (2018: none).

7 Directors' remuneration

No directors received emoluments during the year for their services to the Company (2018: nil). The directors are employed by other companies within the Howmet Aerospace Inc. group and are remunerated by fellow group companies for their services to the group as a whole. It is not practical to allocate their remuneration for their services as a director between group companies.

8 Taxation

Tax charged/(credited) in the income statement

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	(438)	(343)
UK corporation tax adjustment to prior periods	-	(455)
	<u>(438)</u>	<u>(798)</u>

The tax rate for the year is the same as the standard rate of corporation tax in the UK 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit/(loss) before taxation	-	-
Corporation tax at standard rate	-	-
Tax increase (decrease) from transfer pricing adjustments	(438)	(798)
Total tax credit	<u>(438)</u>	<u>(798)</u>

Forgings International Holdings 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Investments

	2019	2018
	£ 000	£ 000
Investments in subsidiaries - Cost and net book value	<u>49,726</u>	<u>49,726</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Direct/Indirect shareholding	Proportion of voting rights and shares held	
			2019	2018

Subsidiary undertakings

Forgings International Holdings 2 Limited	United Kingdom	Direct	100%	100%
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The address of the registered office of Forgings International Holdings 2 Limited is Johnson Lane, Ecclesfield, Sheffield, South Yorkshire, S35 9XH.

Subsidiary Undertakings

Forgings International Holdings 2 Limited

The Principal activity of Forgings International Holdings 2 Limited is that of a dormant holding company.

10 Debtors

	2019	2018
	£ 000	£ 000
Amounts owed by group undertakings	1,170	879
Amounts owed by group undertakings - group relief	<u>781</u>	<u>634</u>
	<u>1,951</u>	<u>1,513</u>

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

Forgings International Holdings 1 Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Creditors: Amounts falling due within one year

	2019 £ 000	2018 £ 000
Due within one year		
Amounts owed to group undertakings	<u>97,517</u>	<u>97,517</u>

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

12 Called up share capital

Allotted, called up and fully paid shares

	2019		2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>1,830</u>	<u>1,830</u>	<u>1,830</u>	<u>1,830</u>

13 Related party transactions

The Company is a wholly-owned subsidiary of Howmet Aerospace Inc. and is included in the consolidated financial statements of Howmet Aerospace Inc., which are publicly available. Consequently, in accordance with the exemption afforded by Financial Reporting Standard No 102, there is no disclosure in these financial statements of transactions with entities where 100% of the Company's voting rights are controlled within the Howmet Aerospace Inc. group.

14 Parent and ultimate parent undertaking

The company's immediate parent is Forgings International Holdings Limited, incorporated in the United Kingdom.

The ultimate parent is Howmet Aerospace Inc., incorporated in the United States of America, and forms the largest and smallest group in which the Company's results are consolidated.

The most senior parent entity producing publicly available financial statements is Howmet Aerospace Inc.. These financial statements are available upon request from Howmet Aerospace Inc., 201 Isabella Street, Suite 200, Pittsburgh, PA 15212, USA or the website (www.howmet.com).