

REGISTERED NUMBER: 07664134

GKN EVO eDRIVE SYSTEMS LIMITED

Annual report and financial statements

For the year ended 31 December 2019

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GKN EVO eDrive Systems Limited

Company Information

Directors

C L Bailey (resigned 4 July 2019)
G E Barnes
Dr R Link
G D Morgan
J C F Crawford
J Nicholson (appointed 21 August 2019)
M J Richards

Company Secretary

J C F Crawford

Registered Number

07664134

Registered Office

1st Floor, 2100 The Crescent
Birmingham Business Park
Birmingham
B37 7YEL

Independent Auditor:

Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

GKN EVO eDrive Systems Limited

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GKN EVO eDrive Systems Limited

Directors' Report

For the year ended 31 December 2019

In line with special provisions relating to small companies within Part 15 of the Companies Act 2006, the Company has chosen not to prepare a Strategic Report. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The Directors present their annual report and audited financial statements of GKN EVO eDrive Systems Limited ("the Company") for the year ended 31 December 2019.

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual report and 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

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

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

Principal Activity

The Company did not trade during the financial year.

Going Concern

The Directors have assessed that the Company's principal activity has ceased. Consequently, the annual financial statements have been prepared on a basis other than going concern. Further details can be found in Note 2 to the financial statements.

Financial Risk Management

As the Company is no longer trading, management are not aware of any associated financial risk.

Results and Dividends

The profit for the year, after taxation, amounted to £4,000 (2018: £28,000).

During the year, the Directors did not recommend the payment of a dividend (2018 - £nil).

Future Outlook

It is not expected that the Company will trade in the future.

Directors

The Directors who served during the year and up to the date of signing the Financial Statements are as follows:

C L Bailey (resigned 4 July 2019)
G E Barnes
Dr R Link
G D Morgan
J Nicholson (appointed 21 August 2019)
M J Richards
J C F Crawford

Disclosure of Information to Auditor

Each of the persons who are Directors of the Company at the time when the Directors Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Directors' Indemnity

The Company has not made qualifying third-party indemnity provisions for the benefit of its directors during the year.

GKN EVO eDrive Systems Limited

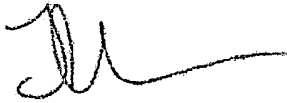
Directors' Report (continued)

For the year ended 31 December 2019

Auditor

Deloitte have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the Board on 30 September 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'J Nicholson', with a long horizontal stroke extending to the right.

J Nicholson
Director
Registration number: 07664134

GKN EVO eDrive Systems Limited

Independent auditor's report to the members of GKN Evo eDrive Systems Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GKN Evo eDrive Systems Limited (the 'company');

- 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

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.

Emphasis of matter – financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

GKN EVO eDrive Systems Limited

Independent auditor's report to the members of GKN Evo eDrive Systems Limited (continued)

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

Matters on which we are required to report by exception

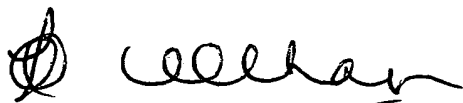
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Lee Welham, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom
30 September 2020

GKN EVO eDrive Systems Limited

Income Statement

For the year ended 31 December 2019

	Note	2019 £000	2018 £000
Administrative income		<u>-</u>	<u>28</u>
OPERATING PROFIT/(LOSS)	4	-	28
Finance income	6	<u>4</u>	<u>-</u>
PROFIT BEFORE TAX		<u>4</u>	<u>28</u>
Tax on profit/(loss)	7	<u>-</u>	<u>-</u>
PROFIT FOR THE YEAR		<u>4</u>	<u>28</u>

The results presented above are from discontinued operations. There are no items of other comprehensive income for either the year or the prior year other than the profit for the year shown above. Accordingly, no statement of other comprehensive income has been presented.

The notes on page 10 to 13 form part of these Financial Statements.

GKN EVO eDrive Systems Limited

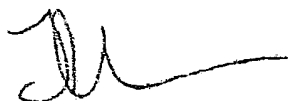
Balance Sheet

As at 31 December 2019

	Note	2019 £000	2018 £000
Current Assets			
Trade and other receivables	8	598	594
Trade and other payables		-	-
Net current assets		598	594
Total assets less current liabilities		598	594
Net assets		598	594
Capital and reserves			
Share Capital	9	5,130	5,130
Accumulated losses	10	(6,966)	(6,970)
Capital Contribution reserve	10	2,434	2,434
Total Equity		598	594

The notes on page 10 to 13 form part of these financial statements.

The financial statements of GKN EVO eDrive Systems Ltd on pages 7 to 13 were approved by the Board of Directors and authorised for issue on 30 September 2020.



J Nicholson
Director
Registration number: 07664134

GKN EVO eDrive Systems Limited

Statement of Changes in Equity For the year ended 31 December 2018

	Share Capital	Capital Contribution	Accumulated Losses	Total Equity
	£'000	£'000	£'000	£'000
At 1 January 2018	5,130	2,434	(6,998)	566
Comprehensive income for the year				
Profit for the year	-	-	28	28
At 31 December 2018	5,130	2,434	(6,970)	594
At 1 January 2019	5,130	2,434	(6,970)	594
Comprehensive income for the year				
Profit for the year	-	-	4	4
At 31 December 2019	5,130	2,434	(6,966)	598

The notes on page 10 to 13 form part of these Financial Statements

GKN EVO eDrive Systems Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. General Information

GKN EVO eDrive Systems Limited is a private company limited by shares and is incorporated under the Companies act 2006 and domiciled in the UK, and registered in England and Wales with the registered number 7664134. Its registered office is 1ST Floor, 2100 The Crescent, Birmingham Business Park, Birmingham, B37 7YE.

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

2. Accounting Policies and Presentation

The Company's significant accounting policies which have been consistently applied are summarised below.

2.1 Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention modified to include certain items at fair value and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies..

2.2 Standards, Revisions and Amendments to Standards and Interpretations Issued

At the date of authorisation of these financial statements, there are no issued standards, revisions or amendments which impact GKN EVO eDrive Systems Ltd and require adoption.

2.3 Going Concern

The Directors have assessed that the Company's principal activity has ceased. Consequently, the annual financial statements have been prepared on a basis other than going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

2.4 Financial Reporting Standard 101 - Reduced Disclosure Exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these Financial Statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 73(e) of IAS 16 Property, plant and equipment (reconciliations between the carrying amount at the beginning and end of the period).
- 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),
 - 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'
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

2.5 Financial Instruments

Financial liabilities are recorded in arrangements where payments, or similar transfers of financial resources, are unavoidable or guaranteed.

Borrowings and loans are measured initially at fair value net of transaction costs. Borrowings and loans are subsequently measured at amortised cost.

Other financial assets and liabilities, including short term receivables and payables, are initially recognised at fair value and subsequently measured at amortised cost less any impairment provision unless the impact of the time value of money is considered to be material. The company does not trade in derivative financial instruments.

GKN EVO eDrive Systems Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2.5 Financial Instruments (continued)

Derecognition of financial assets and liabilities

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.6 Finance Costs

Finance costs are charged to the Income Statement over the term of the debt using 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.

2.7 Interest Income

Interest income is recognised in the Income Statement using the effective interest rate method.

2.8 Pensions

Defined Contribution Pension Plans

The Company previously operated a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. Once the contributions have been paid the Company has no further obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company and independently administered funds.

2.9 Current and Deferred Taxation

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.

3. Critical accounting judgments and key sources of estimation uncertainty

In preparing the financial statements, management has to make judgements on how to apply the company's accounting policies and make estimates about the future. There are no critical judgements made in the preparation of these financial statements.

GKN EVO eDrive Systems Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

Estimation uncertainty

There are no key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

4. Operating Profit

The operating profit is stated after crediting:

	2019	2018
	£000	£000
Dilapidation provision release	-	27
Other costs	-	1

5. Employees

There were no employees in either year; directors are remunerated by the parent company and it is not possible to apportion their time.

6. Interest Income

	2019	2018
	£'000	£'000
Finance income		
Interest receivable on amounts owed by group undertakings	4	-

7. Taxation

	2019	2018
	£000	£000
Current tax		
UK Corporation tax	-	-
Total Current tax (charge)/credit	-	-
Total deferred tax	-	-
Taxation on profit	-	-

Factors affecting Tax Charge for the Year

The tax assessed for the year is different to the standard rate of Corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£000	£000
Profit before tax	4	28
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	1	5
Effect of expenses not deductible for tax purposes	-	-
Group relief at nil tax rate	(1)	(5)
Adjustment to current tax charge in respect of prior periods	-	-
Total tax (charge)/credit for the year	-	-

GKN EVO eDrive Systems Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

The main rate of UK corporation tax for the year was 19%. At the balance sheet date deferred tax assets and liabilities have been measured at the rate at which they are expected to reverse.

8. Trade and Other receivables

	2019	2018
	£000	£000
Due within one year		
Amounts due from group undertakings	598	594

Amounts due from group undertaking are unsecured, repayable on demand and, except as detailed below, interest free.

Included in amounts due from group undertaking is £598,000 (2018: £594,000) due from GKN Enterprise Limited. This amount bears interest at LIBOR minus 0.125% per annum.

9. Share Capital

	2019	2018
	£000	£000
Allotted, called up and fully paid		
5,130,000 (2018: 5,130,000) Ordinary shares of £1 each	5,130	5,130

No further shares were issued during the year hence there has been no movement in this balance.

10. Reserves

Accumulated losses

Accumulated losses represent cumulative losses net of dividends and other adjustments

Capital contribution

During 2017, GKN Enterprise Limited (formerly known as GKN (United Kingdom) plc) waived a loan of £2,434,000, which has been accounted for as a capital contribution. Capital contribution reserve is considered to be a distributable reserve.

11. Pension Commitments

The Company previously operated a defined contribution pension scheme. The assets of the scheme were held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £nil (2018: £nil). There were outstanding contributions of £nil (2018: £nil) payable to the fund at the statement of financial position date.

12. Related Party Transactions

The Company has taken advantage of the exemption not to disclose the transactions with wholly owned subsidiaries of Melrose Industries plc in accordance with FRS 101.

13. Controlling Party

The immediate parent is GKN Automotive Limited. The ultimate parent undertaking and controlling party at the time of approving the financial statement 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 Melrose Industries plc, 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT, which is also the registered office of the Company.