

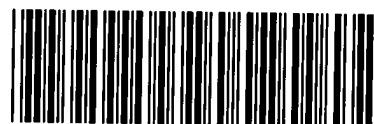
Registered number: 12156613

GKN Automotive Holdings Limited

Strategic Report and Financial Statements

For the period ended 31 December 2019

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GKN Automotive Holdings Limited

Strategic Report

For the period ended 31 December 2019

The Directors present the Strategic Report for the period ended 31 December 2019.

Principal activity

The Company is the parent of the UK operations within the GKN Automotive business and acts as an investment holding company with limited activity. The Directors do not expect any change in this activity in the foreseeable future.

Business Review

The Company was incorporated on 14th August 2019 as part of the GKN Automotive business restructure, the Company did not take part in any further activity during the period.

Principal Risks and Uncertainties

The Company's activities expose it to a number of risks including liquidity risk.

Liquidity Risk

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other Group companies.

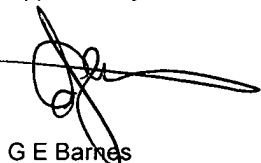
Going concern

The financial statements have been prepared on a going concern basis. The Company's forecasts show that the Company expects to be able to continue to operate for the next 12 months from the date of the approval of these financial statements. The Company is a subsidiary of Melrose Industries PLC, a global manufacturing and engineering group. The 2020 Interim Report of Melrose Industries PLC disclosed that the Group had headroom on its multi-currency committed revolving credit facility of over £1.1 billion, when applying the exchange rates at 30 June 2020. Headroom is largely unchanged through to the end of August 2020.

The Melrose Group has been impacted by events subsequent to the year end, specifically global implications from the COVID-19 pandemic and this is being managed. Whilst the implications do not directly affect the Company, they are impacting fellow subsidiaries. The Company does rely on continued support from fellow subsidiaries within the Melrose Group, in the context of recovery of intercompany receivables.

Further details can be found in the accounting policies on page 8.

Approved by the Board on 15 September 2020 and signed on its behalf by:



G E Barnes
Director
GKN Limited

Registration number: 12156613

GKN Automotive Holdings Limited

Directors' Report

For the period ended 31 December 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019. An indication of likely future developments in the business of the Company is included in the Strategic Report. Information on the financial risk management and going concern are also included in the Strategic Report.

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:

Mr J C F Crawford (appointed 14 August 2019)

Mr G E Barnes (appointed 14 August 2019)

Mr G D Morgan (appointed 14 August 2019)

Mr M J Richards (appointed 14 August 2019)

No Director had a beneficial interest in the share capital of the Company or any of its subsidiaries, except for the fact that each Director as at 31 December 2019 held shares and/or options over shares in Melrose Industries PLC, the ultimate parent company and controlling party, and therefore had an indirect beneficial interest in the Company.

Dividends

The Directors do not propose a final dividend for the period ended 31 December 2019. No interim dividend was paid for the period ended 31 December 2019.

Directors' liabilities

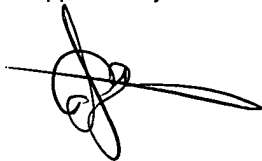
The ultimate parent undertaking has indemnified one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year and at the date of this report.

Disclosure of Information to the Auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

Approved by the Board on 15 September 2020 and signed on its behalf by:



G E Barnes

Director

GKN Limited

Registration number: 12156613

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('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 year. In preparing these financial statements, the Directors are required to:

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

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

Independent Auditor's Report to the members of GKN Automotive Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GKN Automotive Holdings Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019
- 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 statement of changes in equity;
- the balance sheet; and
- the related notes 1 to 6.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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.

Independent Auditor's Report to the members of GKN Automotive Holdings Limited (continued)

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 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.

Matters on which we are required to report by exception

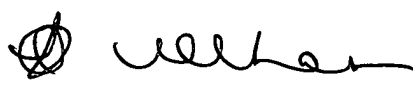
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Lee Welham (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
15 September 2020

GKN Automotive Holdings Limited

Income Statement

For the period ended 31 December 2019

There were no transactions impacting the Income statement during the period ended 31 December 2019 and the Company has no other gains and losses. As a result, no income statement and statement of comprehensive income has been presented.

Statement of Changes in Equity

For the period ended 31 December 2019

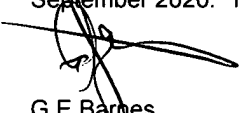
	Notes	Share capital £m	Retained earnings £m	Total equity £m
Shares issued on incorporation	4	575	-	575
At 31 December 2019		575	-	575

Balance Sheet

As at 31 December 2019

	Notes	2019 £m
Non-current assets		
Investments	3	575
Net assets		575
Capital and reserves		
Share capital	4	575
Retained earnings		-
Total equity		575

The financial statements on pages 6 to 10 were approved by the Board of Directors and authorised for issue on 15 September 2020. They were signed on its behalf by:



G E Barnes
Director
GKN Limited
Registration number: 12156613

Notes to the Financial Statements

For the period ended 31 December 2019

1 Accounting policies and presentation

GKN Automotive Holdings Limited is a private company limited by shares and is incorporated and domiciled in the UK, and registered in England and Wales with the registered number 04191106. Its registered office is 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT.

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

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

The financial statements have been prepared on the historical cost basis, except where other measurement bases are required to be applied under IFRS as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Summary of disclosure exemptions

As permitted by FRS 101 and where relevant, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Melrose Industries PLC, which are available to the public and can be obtained from 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT.

Exemption from preparing group financial statements

The Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group financial statements.

Going concern

The financial statements have been prepared on a going concern basis. The Company's forecasts show that the Company expects to be able to continue to operate for the next 12 months from the date of the approval of these financial statements. The Company is a subsidiary of Melrose Industries PLC, a global manufacturing and engineering group. The 2020 Interim Report of Melrose Industries PLC disclosed that the Group had headroom on its multi-currency committed revolving credit facility of over £1.1 billion, when applying the exchange rates at 30 June 2020. Headroom is largely unchanged through to the end of August 2020.

The Melrose Group has been impacted by events subsequent to the year end, specifically global implications from the COVID-19 pandemic and this is being managed. Whilst the implications do not directly affect the Company, they are impacting fellow subsidiaries. The Company does rely on continued support from fellow subsidiaries within the Melrose Group, in the context of recovery of intercompany receivables.

Analysis that supports the Company's going concern assessment over the next 12 months included consideration of the Group covenants associated with its banking facilities which have been formally renegotiated to take account of the implications from COVID-19 on trading conditions. The only applicable covenant test in the 12 month going concern period is interest cover at 31 December 2020 and 30 June 2021. The Group has modelled two scenarios in its assessment of going concern; a base case and a reasonably possible sensitised case and in both there is headroom above the interest cover covenant.

As the Group recovers from the global uncertainties of the COVID-19 pandemic, visibility over trading conditions remains difficult. Outside the 12 month going concern period the renegotiated leverage covenant is due to be tested again on 31 December 2021.

New standards, interpretations and amendments effective

None of the new standards, interpretations and amendments adopted during the year have had any impact on the financial statements of the Company.

Investments

Investments in subsidiaries are stated at cost less provision for impairment. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount can be measured reliably).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the Financial Statements

For the period ended 31 December 2019

1 Accounting policies and presentation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors consider the impairment of investments in subsidiaries (further detail disclosed in note 3) to be the only source of estimation uncertainty, and it is considered that there are no critical accounting judgements within these financial statements.

2 Employees, including Directors

The Company had no employees during the period.

The Directors received no remuneration for their services to the Company during the period. The Directors of the Company who served during the period were also Directors of a number of the companies within the Melrose Group and as such remuneration of Directors is borne by a fellow company.

3 Investments

	Investment in subsidiaries £m
Cost and net book value	
Additions	575
At 31 December 2019	575

On 23 August 2019, the Company acquired the entire share capital of GKN Automotive Limited for a consideration of £575,000,000.

Key sources of estimation uncertainty

The Directors form a judgement as to the carrying value of the investments and whether any impairment is required. This requires estimation of the cash flows the investment will generate in the future. Following an annual impairment review of investments in subsidiaries, management have concluded no further impairments are required as each of the Company's investments is supported by its underlying net assets or value in use based on their estimate of discounted future cash flows.

4 Share capital

	Issued and Fully Paid 2019 £m
Ordinary shares of £1 each	575
	2019 Number 000
Ordinary shares of £1 each	575,000

5 Controlling parties

The immediate parent is GKN Industries Limited.

The parent of the smallest and largest group in which these financial statements are consolidated is Melrose Industries PLC. Consolidated financial statements of Melrose Industries PLC are available from 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT, which is also the registered office of the Company.

Notes to the Financial Statements

For the period ended 31 December 2019

6 Subsidiaries and other undertakings

Details of the Group's subsidiaries, joint ventures and associated undertakings as at 31 December 2019 are given below. All undertakings are held indirectly through intermediate companies. All undertakings are wholly owned unless stated otherwise.

Name	Class of shares held/ interest	Registered office
GKN Driveline Korea Limited	Common stock	Seobuk-gu, CheonAn-si, Chungcheongnam-do, South Korea
GKN Automotive Portugal Limitada	Quota	Avenida Marechal Gomes da Costa, 1131, 4150-360, Porto, Portugal
GKN Driveline Togliatti LLC	Ordinary	Territory of O EZ IPT, Podstepki Village, Stavropolsky District, Samara Region, Podstepki Village, 445143, Russia
GKN Investments III GP Limited	Ordinary	15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA
GKN Investments III LP	Membership interest	15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA
GKN Driveline Service Limited	Ordinary	Unit 5, Kingsbury Business Park, Kingsbury Road, Minworth, Sutton Coldfield, B76 9DL
GKN Automotive Limited	Ordinary and preference	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE
GKN Driveline Birmingham Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE
GKN Driveline Mexico (UK) Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE
GKN Driveline UK Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE
GKN EVO eDrive Systems Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE
GKN Hybrid Power Limited	Ordinary	2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE