

Registration number: 394430

# GKN USD Investments Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2013

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**GKN USD Investments Limited**  
**Directors' Report for the Year Ended 31 December 2013**

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.

The Directors present their report and the audited financial statements for the year ended 31 December 2013.

**Directors of the Company**

The Directors who held office during the year and up to the date of signing the financial statements are set out below:

D N G Radford

N J Stephens

K A Watson

**Financial Results**

The profit and loss account of the Company shows a loss for the year of £6,770,000 (2012: loss of £19,334,000).

**Dividends**

No interim dividend was paid for the year ended 31 December 2013 (2012: £nil). The Directors have not proposed a final dividend for the year ended 31 December 2013 (2012: £nil).

**Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Directors' 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). 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 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.

The auditors' responsibilities in relation to the financial statements are set out in their report on page 3.

**Disclosure of information to the auditors**

Each of the Directors who held office at the date of approval of this Directors' Report confirms that, so far as he/she is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**GKN USD Investments Limited**  
**Directors' Report for the Year Ended 31 December 2013**

**Reappointment of auditors**

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

Approved by the Board on 9 May 2014 and signed on its behalf by:



.....  
K A Watson  
Director  
GKN USD Investments Limited  
Registration number: 394430

**GKN USD Investments Limited**  
**Independent Auditors' Report to the members of GKN USD Investments Limited**

**Report on the financial statements**

**Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

**What we have audited**

The financial statements, which are prepared by GKN USD Investments Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**GKN USD Investments Limited**  
**Independent Auditors' Report to the members of GKN USD Investments Limited**

**Other Matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

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, 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.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption in preparing the Director's report and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

**Our responsibilities and those of the Directors**

As explained more fully in the Statement of Directors responsibilities (set out on page 1), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.



Andrew Hammond (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham

9 May 2014

**GKN USD Investments Limited**  
**Profit and Loss Account for the Year Ended 31 December 2013**

	Note	2013 £ 000	2012 £ 000
Operating loss	2	<u>(6,770)</u>	<u>(19,334)</u>
Loss on ordinary activities before taxation		(6,770)	(19,334)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
Loss for the financial year	9	<u><u>(6,770)</u></u>	<u><u>(19,334)</u></u>

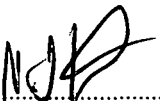
The above results have arisen from continuing activities in the year. There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

The Company has no recognised gains or losses for either year other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

**GKN USD Investments Limited**  
**(Registration number: 394430)**  
**Balance Sheet as at 31 December 2013**

	Note	2013 £ 000	2012 £ 000
<b>Fixed assets</b>			
Investments	6	16	16
<b>Current assets</b>			
Debtors	7	<u>367,832</u>	<u>374,602</u>
Total assets less current liabilities		<u>367,848</u>	<u>374,618</u>
Net assets		<u><u>367,848</u></u>	<u><u>374,618</u></u>
<b>Capital and reserves</b>			
Called up share capital	8	10,121	10,121
Share premium account	9	371,879	371,879
Profit and loss account	9	<u>(14,152)</u>	<u>(7,382)</u>
Total shareholders' funds	10	<u><u>367,848</u></u>	<u><u>374,618</u></u>

Approved by the Board and authorised for issue on 9 May 2014 and signed on its behalf by:

  
 .....  
 N J Stephens  
 Director

# GKN USD Investments Limited

## Notes to the Financial Statements

### 1 Accounting policies

#### **Basis of preparation**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Directors have conducted a review of the Company's accounting policies and have confirmed that they are the most appropriate for the purposes of giving a true and fair view of the Company's results and that there have been no other changes from last year.

#### **Cash flow statement and related party transactions**

The Company is a wholly owned subsidiary company of a group headed by GKN plc, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by GKN plc, whose accounts are publicly available.

#### **Exemption from preparing group accounts**

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts.

#### **Foreign currency**

Where practicable, transactions involving foreign currencies are protected by forward contracts. Assets and liabilities in foreign currencies are translated at the appropriate forward contract rate or if not covered, at the exchange rate ruling at the balance sheet date. Differences on revenue transactions are dealt with through the profit and loss account.

#### **Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any impairment.

### 2 Operating loss

Operating loss is stated after charging:

	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
Foreign currency losses	<u>6,770</u>	<u>19,334</u>

Auditors' remuneration for the year amounted to £1,011 (2012: £1,011) and will be borne by a fellow GKN subsidiary company and not recharged.

There were no non-audit services in the year (2012: none).



**GKN USD Investments Limited**  
**Notes to the Financial Statements**

**3 Particulars of employees**

There were no employees of the Company during the year (2012: none).

**4 Directors' emoluments**

The Directors' emoluments for the year are disclosed in accordance with the Companies Act 2006.

The emoluments of the Directors for their services to the Company amounted to £nil (2012: £nil). During the year no Directors exercised options over GKN plc shares (2012: One).

Retirement benefits accruing to the Directors of the Company for their services to the Company amounted to £nil (2012: £nil).

**5 Taxation**

**Tax on loss on ordinary activities**

	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
Total tax on loss on ordinary activities	-	-

**Factors affecting current tax charge for the year**

The tax on loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK (2012 - higher than the standard rate of corporation tax in the UK) of 23.25% (2012 - 24.5%).

The differences are reconciled below:

	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
Loss on ordinary activities before taxation	(6,770)	(19,334)
Corporation tax at standard rate	(1,574)	(4,737)
Non deductible and non taxable items	1,574	4,737
Group relief surrendered/(received) without payment	(211)	(175)
Other differences	211	175
Total current tax	-	-

A reduction in the mainstream rate of UK corporation tax to 23% took effect from 1st April 2013 which gives rise to an effective UK tax rate of 23.25% for the year. Further reductions to the main rate have been enacted to reduce the rate by 2% to 21% on 1 April 2014 and a further 1% to 20% on 1 April 2015.

**GKN USD Investments Limited**  
**Notes to the Financial Statements**

**6 Investments**

**Shares in group undertakings and participating interests**

	<b>Subsidiary undertakings £ 000</b>
<b>Cost</b>	
At 1 January 2013 and 31 December 2013	12,659
<b>Provision for impairment</b>	
At 1 January 2013 and 31 December 2013	12,643
<b>Net book value</b>	
At 31 December 2013	16
At 31 December 2012	16

**Details of undertakings**

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<b>Undertaking</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	<b>Principal activity</b>
<b>Subsidiary undertakings</b>				
GKN UK Investments Ltd	England	Ordinary shares	100%	Dormant company
GKN UK Investments Ltd	England	"B" Ordinary shares	100%	Dormant company
GKN UK Holdings BV	Netherlands	Ordinary shares	100%	Dormant company

The Directors believe that the carrying value of the investment is supported by its underlying net assets.

**GKN USD Investments Limited**  
**Notes to the Financial Statements**

**7 Debtors**

	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
Amounts owed by group undertakings	<u>367,832</u>	<u>374,602</u>

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

**8 Called up share capital**

**Authorised share capital**

The authorised share capital for the current period was £100,000,000 (2012: £100,000,000).

**Allotted, called up and fully paid shares**

	<b>2013</b>		<b>2012</b>	
	<b>No. 000</b>	<b>£ 000</b>	<b>No. 000</b>	<b>£ 000</b>
Ordinary shares of £1 each	5,708	5,708	5,708	5,708
"B" Ordinary shares of £1 each	4,413	4,413	4,413	4,413
	<u>10,121</u>	<u>10,121</u>	<u>10,121</u>	<u>10,121</u>

**9 Reserves**

	<b>Share premium account £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2013	371,879	(7,382)	364,497
Loss for the financial year	-	(6,770)	(6,770)
At 31 December 2013	<u>371,879</u>	<u>(14,152)</u>	<u>357,727</u>

**10 Reconciliation of movement in shareholders' funds**

	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
Loss for the financial year	<u>(6,770)</u>	<u>(19,334)</u>
Shareholders' funds at 1 January	<u>374,618</u>	<u>393,952</u>
Shareholders' funds at 31 December	<u>367,848</u>	<u>374,618</u>

**GKN USD Investments Limited**  
**Notes to the Financial Statements**

**11 Ultimate parent undertaking**

The immediate parent is GKN Industries Limited. The ultimate parent undertaking and controlling party is GKN plc.

The parent of the largest group in which these financial statements are consolidated is GKN plc. Consolidated financial statements of GKN plc are available from PO BOX 55, Ipsley House, Ipsley Church Lane, Redditch, B98 0TL.

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