GKN Aerospace Services Limited

Annual report and financial statements

Registered number 00355922

31 December 2024

Contents

Strategic Report

1. Business review

GKN Aerospace Services Limited is the UK trading subsidiary of the Melrose Industries PLC Group ("Melrose"). Melrose is a leading global tier one supplier of airframe and engine structures, landing gear, electrical interconnection systems, transparencies, and aftermarket services. It supplies products and services to a wide range of commercial and military aircraft and engine prime contractors, and other tier one suppliers. With 32 manufacturing locations in 12 countries, Melrose serves over 90% of the world's aircraft and engine manufacturers, specialising in the development and delivery of cutting-edge aerostructures and engine systems.

The Company's operations are managed as part of the global operations of Melrose, with 3,472 employees at 31 December 2024 operating from sites in Bristol, Isle of Wight, Luton, Birmingham and London. The principal activities of the Company are the UK civil and defence Structures manufacturing operations and certain technology and head office functions. Please refer to www.gknaerospace.com for more details.

Business performance
Market demand remained strong in 2024, with the commercial aircraft order backlog and global flight hours continuing to rise and total flight hours finishing the year 8% above 2023 levels. Domestic and international passenger air traffic sales were also up, while passenger load factors climbed towards 85%, with several record months in the year. Given our embedded position on all major civil and defence aircraft, these large backlogs underpin our expected future business growth.

Industry-wide operational challenges persisted in 2024. Production capacity and raw material shortages continued to restrict new aircraft deliveries, with Airbus lowering build rates during the year. The continued constraints on new aircraft production fuelled record order backlogs, which now stand at around a decade for narrowbody aircraft and six years for widebody.

Within defence, global tensions and conflict have continued to drive up military spending. In the US, the National Defence Industry Strategy has set out its path to increase security through a more resilient supply chain whilst in the UK, the government pledged to increase defence spending significantly, in line with European and NATO allies.
On 1 March 2024, the Company disposed of its Fuel Systems business (Portsmouth site) generating a profit on disposal in the year of £31,821,000 with consideration of £41,160,000 being received.

The Company's turnover of £709,716,000 (2023: £717,575,000) was 1% lower than 2023. Excluding the results of the Portsmouth site in both years, turnover grew by 4% in 2024. Operating profit of £49,237,000 compared to £766,000 in 2023 and reflected an increase in gross profit margin of 3.2 ppts to 18.3%, a reduction in corporate costs and the cessation of the goodwill amortisation charge, as the goodwill became fully amortised in 2023.

Net interest receivable of £2,232,000 includes a £10,387,000 fair value re-measurement loss (2023: £45,267,000 gain) of forward foreign currency derivative contracts held with intercompany counterparts due to the strengthening of the US Dollar, offset by £20,593,000 (2023: £19,098,000) current account interest received from loans with other group undertakings.

Distributions from GKN Investments II LP of £28,226,000 compare to £86,593,000 in 2023. The reduction primarily represents the one-off profit in 2023 on disposal of sub-licence rights, arising from the demerger of Dowlais Group plc from the Melrose Group. Profit before tax of £111,516,000 compares to £145,530,000 in 2023.

The Company has net assets of £816,090,000 at 31 December 2024 (31 December 2023: £712,154,000).

Outlook
The Company has an embedded position as a Super Tier One partner to the world's leading aircraft OEMs, coupled with unrivalled technical expertise. With structural demand from record order backlogs, we are well placed to deliver further profitable growth in the years ahead benefiting from civil ramp-up, defence spending and new platforms, and the shift to sustainable aviation over time. Our design to build business model and increasingly focused portfolio is set to deliver. For 2025 we expect to make sales progress reflecting market growth.

Strategic Report *(continued)*

2. Principal risks and uncertainties

The Company is a wholly owned indirect subsidiary of Melrose Industries PLC. The annual report for Melrose Industries PLC is available from www.melroseplc.net and the results of this Company under IFRS are consolidated into those financial statements. The risks and uncertainties of Melrose Industries PLC, which include those of the Company, are discussed on pages 37 to 44 of the Melrose Industries PLC Annual Report 2024. Of these principal risks and uncertainties the below are particularly relevant to the Company:

Operations
Major disruption within the Company's operations may adversely affect its financial performance. As a global aerospace technology business, the Company is susceptible to industry specific issues that may arise from interdependencies within and its reliance on complex global supply chains. In particular, disruption to its supply chains may put strain on our operations, and could result in the Company failing to meet customer commitments, which could result in contractual penalties, as well as impact the Company's competitiveness when seeking to win future orders from affected customers. The Company is dependent on the timely delivery of materials and components by its suppliers and subcontractors who may be impacted by their own economic and geographic environments (such as pricing pressures, tariffs, and availability issues). In addition, the Company is susceptible to sector specific demand dynamics, informed by a concentrated customer base and customer-determined adjustments to aircraft build rates. These factors, among others, can materially impact the Company's ability to forecast and manage efficient supplies, inventory and production capacity, and therefore its ability to manufacture and supply products, or to deliver them in a timely manner.

Operations risk mitigation
- The Company continues to invest in equipment and capacity within its existing facilities, as well as identifying dual source suppliers and alternative materials where available.
- Weekly and monthly management reviews of supply chain and demand issues are undertaken in order to assess the Company's OEM supplier order book as well as maintaining OEM aircraft build rates, and to confirm commitments over specified timeframes.
- Contingency plans are developed with respect to potential shortages of key materials or production inputs which may arise as a result of geopolitical events.
- Strategic reviews of business line supply chains are ongoing to assess opportunities for supplier development and support and alternative sourcing and to identify opportunities for vertical integration and for OEM support in terms of exercising their supply chain leverage where appropriate.
- The Company continues to engage with OEMs on a regular basis in respect of supply chain forecasting and stewardship and build rates.
- The senior management team continues to actively engage with supply contracts to assess commercial terms to mitigate operational risk to the Company and ensure that strategic decisions are taken where possible. Those management teams have continued to implement and direct a series of operational change management programmes to mitigate identified risks, including enterprise-wide promotion and top-down deployment of leading lean operations management problem-solving tools to identify, assess and remedy production flow inhibitors across the business on a continuous basis.

Commercial
The Company operates in competitive markets throughout the world and is diversified across a variety of production and sales geographies. This provides a degree of impact mitigation from the commercial challenges and market disruptions that face the sector. However, the widespread disruption caused by geopolitical events could heighten the Company's exposure to end-market commercial risk. Product quality also drives certain commercial risks. Quality issues involving products manufactured or supplied by the Company could lead to product recalls, financial penalties, reputational damage and, in the worst case, could put consumer health and safety at risk. Other commercial risk areas that may have an adverse impact on the Company include those related to customer concentration and uncertainties related to future customer demand, onerous customer and supplier contracts, the impact of increased competitive pressures on the maintenance or improvement of market share, technological innovation and market disruption, and the performance and management of programme partners.

Strategic Report *(continued)*

2. Principal Risks and Uncertainties *(continued)*

Commercial Risk Mitigation

- The senior management team keeps track of the Company's commercial risks through a number of mediums including by conducting reviews of the Company's risk register which aggregates and highlights the key commercial and other risks and relevant risk trends.
- The Company actively invests in research and development activities to augment its platforms for future product expansion, drive quality improvements, enhance customer alignment and achieve further operational efficiencies. These activities are subject to lifecycle technical reviews on an annual basis. These research and development activities are underpinned by a global technology strategy, while the technology team regularly review the technical landscape.
- Management maintains a close focus on delivery management supported by their regular review of the Company's customer and supplier contracts in order to identify ways, including through contract renegotiations, to improve profitability.
- Management continues to focus on managing costs closely to protect and enhance margin.
- The Melrose Group operates robust quality assurance and management procedures led by an independent internal quality team including adherence to documented management systems and external auditing to internationally-recognised quality and airworthiness standards.

Economic and Political

The Company could be affected by global economic and political conditions. Growing levels of globalisation, urbanisation, travel, and tourism create sectoral and market growth opportunities for the Company but, there is a risk that geopolitical events may offset those growth opportunities and adversely impact the Company's operations, particularly those that involve major trading partners or blocs. For example, geopolitical events may result in explicit trade protectionism, the potential for conflict or broader international political issues, as well as the introduction of new tariffs and/or taxes which could adversely affect the financial performance of the Company or the delivery of its global strategy. Moreover, global economic and political events may cause sudden and unanticipated disruption to the Company's operations and supply chains. Fluctuation in commodity prices and high inflation may materially and adversely affect the Company's operational performance and financial condition. Further, these factors may materially affect customers, suppliers, and other parties with which the Company does business. High inflation levels may result in increased costs both in terms of the operation of plants and the manufacturing of products, which in turn may be passed on to customers. More generally, adverse economic and financial market conditions may cause customers to terminate existing orders, to reduce their purchases from the Company, or to be unable to meet their obligations to pay outstanding debts. These market conditions may also cause suppliers to be unable to meet their commitments to the Company or to change the credit terms they extend to the Company.

Economic and Political Risk Mitigation

- The Company has a diversified commercial split across both the civil and defence markets helping to mitigate against geopolitical shocks. Management continues to review opportunities to regionalise supply chains to improve resilience.
- Order books including OEM's aircraft build rates, cash performance, cost control and other leading indicators are regularly monitored to ensure that the Company can respond quickly to adverse trading conditions. This includes the identification of cost reduction and efficiency measures.
- Bank financing is readily available to the parent company from its supportive banking syndicate. This support has proven to be available to the Melrose Industries PLC Group even during periods of unprecedented turmoil, including during the global pandemic.
- The Company fosters strong customer relationships which are often long-term partnerships, built on technical excellence and quality, and often with plants in close proximity to customers where feasible and commercially necessary.
- The Company closely monitors global political, economic, and social trends through an annual strategic review process which supports the Company's plan to conduct horizon scanning in respect of any other potential conflicts which have not already been identified or are under review.

Strategic Report *(continued)*

2. Principal Risks and Uncertainties *(continued)*

Economic and Political Risk Mitigation (continued)

- The Company monitors its commercial terms and seeks to improve them where opportunities arise. This includes negotiating favourable International Commercial Terms to mitigate the potential impact of tariff increases where possible.

Health and Safety

The Company employs over 3,600 people with many operations often involving risks related, but not limited, to heavy duty machinery, chemical use, movement of parts such as lifting or transportation, as well as energy, such as electricity and pressurised systems. A serious accident in the workplace could have a major impact on employees as well as their families, colleagues, and communities. Such an incident could also result in legal claims, reputational damage, and financial loss.

Health and Safety Risk Mitigation

- The Company has dedicated corporate and site level Health and Safety ("H&S") teams, which have rolled out a comprehensive H&S programme across all sites. The corporate H&S team has led business-wide training on risk management for all operational leaders and an awareness campaign around GKN Aerospace's Golden Safety Rules. All sites are required to self-certify compliance with the Golden Safety Rules, which is validated through an internal audit programme throughout the year.
- Production tasks are risk assessed and the business has invested in providing the appropriate personal protective equipment and appropriate safety equipment. Risk assessments are communicated to employees, to provide them with the knowledge and skills necessary to perform their roles safely. All employees are required to use the safety equipment provided and adhere to any safety training and instructions given.
- As of 31 December 2024, all operational sites within the Company were certified to the ISO 45001 international standard, with additional relevant sites progressing towards accreditation. Third-party auditing on a three-year certification cycle is required to maintain ISO accreditation, with Health and Safety Executive internal annual surveillance audits taking place in between on a rotation or risk basis to ensure minimum standards are being maintained.
- Senior management take an active role through engaging in safety tours, in conjunction with H&S experts, validating the effectiveness of H&S controls on our sites. In 2024, particular focus was placed on strengthening risk assessments and risk controls.
- The Melrose Industries PLC Board is provided with visibility and oversight on H&S risks through the form of quarterly reports, which consolidate performance for all sites based on management's key performance indicators.

Legal and Regulatory

The Company operates in a highly regulated environment and its operations are subject to anti-bribery and corruption, anti-money laundering, competition, anti-trust and trade compliance laws and regulations. Failure to comply with certain regulations may result in significant financial penalties, debarment from government contracts and/or reputational damage, and may impact the Company's ability to pursue its business strategy. Considering the breadth, scale and complexity of the Company, there is a risk that it may not always be in complete compliance with applicable laws, regulations or permits. The Company could be held responsible for liabilities and consequences arising from: (i) failure to comply with sanctions, export controls and customs requirements, which can result in fines, criminal penalties, adverse publicity, payment of back duties and suspension or revocation of the Company's import or export privileges; (ii) product liability claims, which can result in significant total liability or remedial costs, particularly for products supplied to large volume global production programmes spanning multiple years; and (iii) employee matters including liability for employee accidents in the workplace or consequences of environmental liabilities, which may be susceptible to class action law suits.

Strategic Report *(continued)*

2. Principal Risks and Uncertainties *(continued)*

Legal and Regulatory Risk Mitigation

- Regular monitoring of legal and regulatory matters takes place across the Company. Consultation with external advisors is also undertaken where necessary.
- Group-wide standard and enhanced application to trade authorisation procedures are in place and regularly reviewed against the ever-changing global trade compliance landscape, supported by a dedicated internal export compliance team, access to external trade compliance, legal and regulatory specialists and electronic counterparty screening systems.
- A robust control framework is in place, underpinned by comprehensive corporate governance and compliance policies and procedures, including utilisation of third-party verification providers, training of applicable employees on policies and procedures, and regular reviews of relevant Company's policies in light of legal and regulatory changes, as well as best practice.
- Melrose Industries PLC operates a Group-wide whistleblowing platform whereby all employees have access to a multi-lingual online portal, together with local hotline telephone numbers that are available 24/7, in order to allow employees to raise concerns on possible wrongdoing in any aspect of the business.

Climate Change

Increased frequency in extreme weather and climate-related natural disasters may lead to physical damage at the Company's sites in addition to disruption to the already pressured supply chains on which the Company relies. Additionally, new legislation, regulations and reporting requirements, may require additional investment from the Company, restrict commercial flexibility and business strategies, suppress aviation demand, and introduce additional costs and liabilities for the Company. Changing demand patterns influenced by climate change concerns create risks for the sustainability of the Company's products and solutions. Climate change has been identified as a standalone principal risk since 2021 and is incorporated in the Melrose Industries PLC Group's risk management process comprising a combination of transition and physical risks. These risks relate to the Company's exposure to carbon pricing mechanisms, raw material availability, replacement of carbon intensive machinery, and successful entry of new technologies to the market. The physical risk assessment sought to identify current and potential future physical climate risks facing the Company's facilities and key suppliers, with consideration of revenue and property value of each facility, to determine the materiality of identified risks. The most material of the identified risks were found to relate to flooding and storm events, together with potential disruptions to key suppliers caused by extreme weather events. Throughout 2024, the Company continued to refine and review its climate-related risks and opportunities in order to inform the assessment of climate change as a principal risk.

Climate Change Risk Mitigation

- The Company has developed a coordinated approach to tackling climate change across the business which provides goals and monitors progress in three key areas: (i) reducing emissions as a business generally; (ii) reducing consumption of natural resources; and (iii) enabling the aviation sector's route to Net Zero.
- The Company seeks to integrate climate considerations, such as energy and climate management efforts in countries where we operate and sell our products, expectations of our value chains, and the various commitments to achieve the goals of the Paris Agreement, into strategic decisions and operational management.
- The framework developed for identifying, understanding, quantifying, where possible, and, ultimately, managing climate-related challenges and opportunities continues to be used which enables the Company to better understand and plan for the effects of climate change. This framework covers government and international policy, emissions regulations, energy costs, physical impacts, access to capital, risks relating to permits, product demand and litigation risks.
- The Melrose Industries PLC Group sustainability function, overseen by the Group's Chief Technology Officer, continues to set out the responsibilities for delivering the Group's climate strategy and addressing progress against the Group's climate commitments.

Strategic Report *(continued)*

2. **Principal Risks and Uncertainties** *(continued)*

Climate Change Risk Mitigation (continued)

- The Company's near- and long-term carbon emission targets have been validated by the Science Based Targets initiative and are used to manage operational and supply chain emissions, as well as track the Company's emissions, energy, and other climate-related sustainability targets. Performance of the Melrose Industries PLC Group is reported annually within Melrose's Annual and Sustainability Reports, Task Force on Climate-related Financial Disclosures ("TCFD") report, and through the Climate Disclosure Project ("CDP") Climate Change disclosures.
- In 2024, the Melrose Industries PLC Group received a silver medal in its first assessment by EcoVadis, one of the leading global CSR rating companies, evidencing a strong sustainability performance amongst industry peers and an ability for close collaboration with value chain partners.
- The Melrose Industries PLC Group's Transition Plan, developed in 2023, continues to help the Group deliver its ambition of Net Zero by 2050. The Transition Plan was prepared in line with the TCFD recommendations and the new UK Transition Plan Taskforce's guidance. It is available on Melrose's website at www.melroseplc.net/sustainability.
- As part of the assessment of climate transition risks, mitigation and adaptation opportunities have been identified related to the development of new technologies, such as hydrogen, battery electric and sustainable aviation fuels, as well as improving inflight efficiencies by lightweighting components and energy efficiency of engines to ensure continued motivation to be the most sustainable partner in the sky.
- Members of the senior management team actively participate in key government forums and seek to help shape policy and investment in a way which benefits sustainable growth in aviation.

Information Security and Cyber Threats

The Company is exposed to information security and cyber threats due to the nature of its operations within the aerospace industry specifically, and generally due to the size and public facing nature of the Melrose Industries PLC Group. There is an inherent information security threat within the Company where data is held in relation to civil aerospace technology and controlled military contracts in airframe. Given the nature of the industry in which the Company operates, it is also subject to compliance with more stringent security requirements in particular areas and failure to comply could result in reputational damage and lead to the loss of existing business or failure to secure future business. The potential consequences for the Company associated with information security and cyber threats are far reaching. Failure to protect the availability and integrity of information technology systems and data from deliberate attempts to cause harm may result in disruption to our business operations and to our ability to service customers, as well as to loss of business and direct financial costs. The Company may also suffer business disruption as a result of such attacks within its wider supply chain.

Information Security and Cyber Threats Risk Mitigation

- The Melrose Industries PLC Group's cyber security team works with external security consultants, Ernst & Young, and other specialist security service providers to assess the increased exposure to cyber security risk and to ensure appropriate mitigation measures are in place.
- During the year, management continued to monitor and enhance its information security strategy and risk-based governance framework within the Company. A multi-layered approach is taken to identify and address information security risks focusing on people, process and technology, including employee screening and training, supplier and vendor checks, advanced threat detection and response, security compliance monitoring, penetration testing, IT asset compliance reviews and threat intelligence.
- The framework follows both the UK Government's National Cyber Security Centre recommended steps on cyber security and US NIST Cyber Security Framework, as well as incorporating Dutch MIVD and Swedish ISM controls. This strategic management approach has delivered risk profiling capabilities for aerospace and defence, and enabled the development of mitigation plans to reduce the Company's exposure to cyber risk.
- The progress of the Company against our information security strategy is measured every quarter. Our review is supported by Ernst & Young who conduct separate cyber assurance reviews throughout the year at certain of our key strategic locations. We perform regular internal site assessments based on our mandatory controls framework. This comprehensive approach ensures we maintain robust information security.

Strategic Report *(continued)*

2. Principal Risks and Uncertainties *(continued)*

Information Security and Cyber Threats Risk Mitigation (continued)

- The Company has obtained appropriate insurance policies in respect of the threats posed by the increasing risk trend of information security and cyber threats.
- The Company has worked to establish comprehensive and tested response plans in the event of a material threat to information security and/or a cyber threat more generally.
- Education and awareness initiatives are considered vital to the management of information security and cyber threat risks. Initiatives are undertaken throughout the year to maintain employee vigilance, including phishing exercises, to help maintain high levels of awareness of and responsiveness to these risks.

3. Section 172(1) Statement

This is an overview of how the Directors performed their duty to promote the success of the Company under section 172 of the Companies Act 2006.

The principal activities and background of the Company are outlined in the Business Review.

The Directors must act in accordance with a set of general duties detailed in section 172 of the Companies Act 2006. These general duties include a duty to promote the success of the Company, and specifically to act in a way that the Director considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, having regard (amongst other matters) to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with customers, suppliers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between shareholders of the Company.

This statement has been prepared in accordance with the requirements of The Companies (Miscellaneous Reporting) Regulations 2018, which require the Company to describe how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006 during the financial year under review. It is noted that the Directors have always acted in accordance with such duties in their decision making and they will continue to do so. In light of the additional disclosure requirements, we have set out below further detail on how the Directors have fulfilled their duties during the course of 2024.

(a) The likely consequences of any decision in the long-term

The Company operates within the wider management structure of Melrose Industries PLC. The Melrose Executive Committee is responsible for the strategic management and oversight of the Group as a whole and for the taking of decisions which are material to the Group, including the Company, in the short, medium and long-term.

During 2024, the Melrose Executive Committee and the Company's directors continually reviewed the performance of the Group (and within it the Company) against its competitors and the aerospace market generally and continually assessed the likely future development of the aerospace market.

Strategic Report *(continued)*

3. Section 172(1) Statement *(continued)*

The Directors are focused on the creation of long-term value for its ultimate shareholder, Melrose, while always ensuring the interests of employees, customers, suppliers and other stakeholders are appropriately served. Melrose is a world-leading multi-technology aerospace business, serving both civil and defence platforms across the global aerospace industry. Its business model is to 'Design, Deliver and Improve', while its culture is underpinned by the principles and values of integrity, honesty, transparency and decisiveness. This approach is central to all the Directors' decision making. For example, all major business decisions are made on the basis of approved business plans, which set out the anticipated financial consequences and benefits of the decision in the long-term.

(b) The interests of the Company's employees and how the Company's actions taken during 2024 encourage employee engagement

The Company employed 3,472 people at 31 December 2024 operating from sites in Bristol, Isle of Wight, Luton, Birmingham and London. Melrose places the interests of its employees at the heart of its decision making. Reflecting this, the Company continually engages with its employees in order to ensure that their voice is heard. The Company recognises the trade union Unite, with whom it has collective bargaining agreements by establishment/location. Approximately 60% of the Company's employees are members of and are represented by Unite.

Business updates are provided to the Company's elected union representatives twice a year through our UK Information & Consultation Forum, including monthly financial performance, capital investment decisions, new business wins and any key decisions affecting employees. In addition, a number of presentations are delivered to employees throughout the year through local "All Hands" meetings to give all employees updates of key business decisions as well as an overview of operational performance.

Melrose measures employee engagement through an annual employee engagement survey, the results of which are shared with its Executive Committee and the Company's directors and are used to inform decision making. The Company's target is to increase employee engagement year-on-year. Melrose conducts the annual survey to gauge the employee engagement levels within a team, a site, a business line and globally. Employee opinions, on their teams and place of work, will be used locally and globally to help determine any positive or negative themes/common trends and indicate to local and global management where engagement efforts need to focus. These efforts can then take the shape of a number of initiatives/activities to support individual managers or sites in their pursuit of a Great Place to Work for all. The Company's ambition is to become a recognised Gallup World Class Employer by 2025. Melrose will also run a pulse survey to test employee engagement during the year.

The Melrose Executive team host monthly calls with the Divisional Executive population to update them on the Group's strategic direction and leadership focus. There is an opportunity for questions to be raised and responded to by the Executive team.

Melrose has HR representatives at each location who are responsible for managing interactions between the employees and management of the business. Employees are encouraged to be involved in business performance through reward and incentive initiatives that are managed by the HR function on a local basis. Many employees participate in local bonus schemes, with the payment and level of any bonus linked to profit and cash performance as well as individual objectives and operational performance metrics. The HR function are also managing a talent review process to ensure that Melrose can support all of its employees to grow, develop and bring their best to the business.

(c) The need to foster the Company's business relationships with customers, suppliers and others

Customers
It is critical to the future success of Melrose that it builds and maintains deep, long-lasting and committed relationships with its customers. Melrose and the Company work closely with customers across the aerospace sector in order to form strong relationships that encourage a culture of collaboration in order to drive future opportunity and growth in the aerospace market.

Strategic Report *(continued)*

3. Section 172(1) Statement *(continued)*

One of the Group's priorities is operational excellence which places an emphasis on its ability to deliver quality products and services to its customers to meet their needs. Melrose and the Company monitors the "voice of the customer" and maintains key performance indicators that support this and ensure strong quality, cost and delivery performance.

Melrose has developed a Commercial Excellence model that encourages the development of close relationships with its customers to gain deeper insight into customer and market outlook and to drive an alignment between customer needs and the Group's strategy for the future. Melrose has a single customer-facing team for each major customer. These teams manage programmes and act a single point-of-contact for the customer, no matter the product or system the Group supplies, and where it is supplied from. All material decisions taken by Melrose and by the Company, involve consideration of their impact on relationships with our customers.

Suppliers
Melrose has a range of suppliers and we believe maintaining strong relationships with our suppliers is vital to future success. We build our relationships with our suppliers on the basis of:

- open dialogue and transparent decision-making;
- setting clear expectations of our suppliers;
- continuous supplier relationship management, through our dedicated Commodity Purchasing Managers;
- regular information exchange through our SOP processes;
- supplier quality reviews and audits; and
- senior management business reviews which enable suppliers to have a greater understanding of our business and Aerospace's future needs and strategy, whilst allowing suppliers to have the confidence to develop new innovations in conjunction with Melrose.

The Supplier Code of Conduct (the "Supplier Code") sets out the fundamental principles which Melrose and as such the Company expects of its suppliers. A copy of the Supplier Code can be found on our corporate website (https://www.gknaerospace.com/media/21zaxxmt/gkn-aerospace-supplier-code-of-conduct.pdf).

Other Stakeholders
In addition to the stakeholders considered elsewhere in this statement, the Directors also have regard to the impact of their decisions on other stakeholders including government and regulators, third parties with whom the Company deals and potential future employees and students. The relationship with all major stakeholders is considered as part of each potential decision.

(d) The impact of the Company's operations on the community and the environment

Sustainability is a key focus of the Company's management and remains a key Melrose board meeting agenda item. The Melrose Group conducted its first double materiality assessment to identify the topics that are most relevant for the aerospace focused business and aligned stakeholders. Perspectives were gained through a series of consultations and interviews with internal experts who were able to represent the views and concerns of key stakeholder groups including members of the executive management team, employees, customers, suppliers and shareholders.

The Company formalised its strategy to enable transition to a net zero economy. The Net Zero Transition Plan was updated to provide clarity to our stakeholders around the actions the Company intends to take to achieve our short- and medium-term emissions reduction targets to reach net zero greenhouse gas emissions across the value chain by 2050, and how we plan to contribute to reducing the climate impact of aerospace. This has included the submission of emissions reduction targets through the SBTi for validation, and progress against these targets will be reported annually.

The Company continued to engage with key ESG benchmarking agencies to improve data quality and comprehensiveness of their coverage of our sustainability performance, and to identify and resolve inconsistencies.

Strategic Report *(continued)*

3. Section 172(1) Statement *(continued)*

A key action has been working with the benchmarking agencies to realign the business to be assessed against the aerospace sector.

The company submitted its response to the CDP Climate Change and Water Security questionnaires, achieving B (2023: B) and B (2023: C) respectively, which is seen by CDP as good progress. In 2024, our near and long term emission targets were validated by the Science Based Targets Initiative, a global independent corporate climate action organisation who encourage best practice in decarbonisation.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct

Melrose has a code of conduct known as the GKN Aerospace Code of Ethics. The Code of Ethics is a key part of the GKN Aerospace ethics and compliance programme and forms a central component of the Company's culture. Additionally, the Code of Ethics sets out the standards of conduct expected of the Company and its employees. Together with GKN Aerospace's Culture Principles, we summarise this in our way of working, "A Great Place to Work", which involves everyone in the Company having a personal responsibility to treat people with care, respect and dignity. This also includes the responsibility to speak up via the various Company speak up channels, which are available to employees in instances where they believe conduct is wrong and/or falls short of the standards which the Company expects.

We also cascade our ethical standards to our suppliers through our Supplier Code of Conduct, which sets out the minimum ethical standards we expect from our suppliers. The Supplier Code of Conduct forms part of our terms and conditions with our suppliers, and requires them to maintain high ethical standards including, amongst other things refraining from engaging in any bribery and corruption (including the facilitation of tax evasion), a prohibition in engaging in forced, child or bonded labour; and complying with health and safety laws. Our suppliers are required to meet the laws regulations of the countries in which they operate and are encouraged to report instances of conduct they believe is wrong and/or falls short of the standards which the Company expects through the reporting hotline we provide.

The Company ensures that the Melrose requirements are met by way of on-going Company communications including training, governance processes and specialist review, advice and assurance provided by the teams which form the three lines of defence to the risk management model implemented by the Company.

(f) The need to act fairly as between members of the Company

The Company has only one member, Westland Group plc, which is 100% indirectly owned by Melrose Industries PLC. During the year there was therefore no actual or potential conflict between the interests of any members of the Company.

4. Key Performance Indicators

The Company's operations comprise the UK trading operations of Melrose Industries PLC. Melrose also has significant operations in The USA, Scandinavia, The Netherlands and Asia. The Company's operations are managed and reported separately within the Structures segment of Melrose Industries PLC. The financial results of the Company's operations are reported to the business lines and Melrose Industries PLC under IFRS.

For these reasons, the Directors believe that analysis using key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key financial performance indicators of the Structures division of Melrose Industries PLC, which includes this Company, are discussed on pages 20 to 23 of the Melrose Industries PLC Annual Report 2024, which does not form part of this report.

Strategic Report *(continued)*

4. Key Performance Indicators *(continued)*

The sustainability and environmental performance of Melrose Industries PLC, which includes this Company, is discussed on pages 51 to 101 of the Melrose Industries PLC Annual Report 2024. The health and safety performance of Melrose Industries PLC, which includes this Company, is discussed on page 90 of the Melrose Industries PLC Annual Report 2024.

5. 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.

Long-term intercompany arrangements exist with GKN Enterprise Limited (an intermediary company within the Melrose group) to sweep any excess cash from GKN Aerospace Services Limited to GKN Enterprise Limited. Under this arrangement the Company is able to draw amounts in excess of the current receivable balance from GKN Enterprise Limited to fund working capital needs and other expenditure, which is then offset against this current receivable balance from GKN Enterprise Limited. This availability of cash has been factored into the going concern assessment. The Company has also received a letter of support, from GKN Enterprise Limited confirming that it will repay the cash deposited by the Company when required to meet its liabilities over the next 12 months from the date of approval of these financial statements.

Approved by the Board on 30 September 2025 and signed on its behalf by:

R Gough
Director
30 September 2025

Directors' Report

1. Financial results and future developments

The profit and loss account of the Company shows a profit after tax for the financial year of £77,558,000 (2023: £136,832,000). Refer to the Strategic Report Outlook for future developments within the industry and Melrose.

2. Financial risk management

The Company's operations expose it to a variety of financial risks including the effects of credit risk. As a subsidiary of Melrose Industries PLC the Company's funding is provided by GKN Enterprise Limited via current accounts. The policies in relation to external risks, including interest rate risk, price risk, credit risk, cash flow risk, foreign exchange risk and liquidity risk, all of which are managed centrally by the Melrose Industries PLC treasury function, are set out in the annual report of Melrose Industries PLC. The Company uses derivative financial instruments (forward foreign currency contracts) held with an intercompany counterparty to manage foreign exchange risks. No other derivative financial instruments are used by the Company.

The Financial risk management policies of Melrose Industries PLC are outlined in the Melrose Industries PLC Annual Report 2024 on pages 30 to 32.

3. Dividends

No interim dividend was paid for the years ended 31 December 2024 and 31 December 2023. The Directors have not proposed a final dividend for the year ended 31 December 2024 and no final dividend was paid for the year ended 31 December 2023.

4. Research and development

The Company undertakes research and development work in support of its principal manufacturing activities. Refer to Note 3 of the Financial Statements. Melrose has strong technology positions to make aircraft fly further, faster and greener. Melrose aims to deliver the best technology today and develop the innovative technologies of tomorrow. Please visit www.gknaerospace.com/en/our-technology/ for further details.

5. Directors

The Directors who held office during the year and up to the date of this report are as follows:

Ms S Anderson (appointed 7 March 2024)
Mr G Barnes (resigned 7 March 2024)
Mr W Fernandez
Mr R Gough
Mr M Gregory
Ms M Kismul
Mr G Morgan (resigned 7 March 2024)
Mr M Payne (appointed 7 March 2024)
Mr J Pritchard
Mr M Richards (resigned 7 March 2024)
Ms S Schofield

Directors' Report *(continued)*

6. Directors indemnities

Pursuant to the Company's Articles of Association, the Company has indemnified the Directors of the Company and persons who were Directors of the Company in respect of costs of defending claims against them and third party liabilities. These provisions, deemed to be qualifying third party indemnity provisions pursuant to section 234 of the Companies Act 2006, were in force during the year ended 31 December 2024 and are in force at the date of this Directors' report. The indemnity provision in the Company's Articles of Association also extends to provide a limited indemnity in respect of liabilities incurred as a director, secretary or officer of an associated company of the Company. A copy of the Company's Articles of Association is available for inspection at the Company's registered office during normal business hours.

7. Employee consultation and engagement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of Melrose as a whole. Communication with employees is promoted through a variety of means including in-house newsletters, briefing meetings and the Melrose intranet which provides access to Group information, news, policies and procedures. Refer to the Strategic Report, 3. Section 172(1) Statement, paragraph (b) for details of actions taken during 2024 to encourage employee engagement.

8. Disabled persons

The Company's policy in relation to the employment of disabled persons is to give full consideration to job applications received from disabled persons. Candidates are selected and appointed on the basis of their ability to perform the duties of the job. Where appropriate, special training is given to facilitate engagement of the disabled and modifications to the job will be considered. Where an employee becomes disabled whilst employed by the Company, arrangements will be made wherever possible for re-training in order that a different job may be performed. Consideration for modifying jobs will be given.

9. Engagement with customers, suppliers and others

Refer to the Strategic Report, 3. Section 172(1) Statement, paragraph (c) for details of the Company's business relationships with customers, suppliers and others.

10. 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 elected to prepared the Financial Statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law, 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 the financial statements, the directors are required to:

Directors' Report *(continued)*

10. Statement of Directors' responsibilities *(continued)*

- select suitable accounting policies and then 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

11. Statement of corporate governance arrangements

During the year, the Company complied with the corporate governance principles, policies and procedures of its ultimate shareholder Melrose. Melrose has systems, processes and controls in place in accordance with the guidance contained in the Financial Reporting Council's "Guidance on Risk Management, Internal Control and Related Financial Business Reporting" and the UK Corporate Governance Code. These systems, processes and controls ensure that the Melrose group is well managed, with appropriate oversight and control. Melrose has an ongoing process for identifying, evaluating, tracking and managing the principal risks faced by the Melrose group, which include the Company. These systems, processes and controls are subject to regular monitoring and review. As such, the Company did not apply any specific corporate governance code during the financial year.

12. Disclosure of information to Auditors

The auditors responsibilities in relation to the Financial Statements are set out in their report on pages 15 to 18. In the case of each of the persons who were Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

13. Auditors

PricewaterhouseCoopers LLP served as auditors for the financial year ended 31 December 2024 following the resignation of Deloitte LLP from the Melrose Industries Group on 2 May 2024.

Approved by the Board on 30 September 2025 and signed on its behalf by:

R Gough, Director, 30 September 2025
Company registered number: 00355922

Independent Auditors' Report to the members of GKN Aerospace Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, GKN Aerospace Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 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, including 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 2024; the Profit and Loss Account and Statement of Other 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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- review of cashflow forecasts and assessment of the reasonableness of the assumptions used to draw the cashflow forecast;
- assessing accuracy of forecasts by looking at forecasts versus actual for financial year 2024 as well 2025 year to date results;
- analysing the headroom in the forecasts; and
- we have reviewed the letter of support from GKN Enterprise Limited and evaluated its appropriateness in supporting management's assessment for the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Independent Auditors' Report to the members of GKN Aerospace Services Limited
(continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2024 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, 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.

Independent Auditors' Report to the members of GKN Aerospace Services Limited
(continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to those with a direct impact on the financial statements, for example UK tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to manipulate financial performance and management bias in making accounting estimates. Audit procedures performed by the engagement team included:

- discussions with management and those charged with governance regarding known or suspected instances of fraud and non-compliance with laws and regulations;
- testing of corporation tax and employment based taxes, including that payment obligations throughout the year had been met;
- testing journal entries to identify entries which met certain risk criteria, in particular journal entries with unusual account combinations to revenue; and
- testing management bias in estimates, including recalculation of management's estimate, and substantive testing of the underlying data.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.

Independent Auditors' Report to the members of GKN Aerospace Services Limited
(continued)

We have no exceptions to report arising from this responsibility.

Katherine Birch Evans

Katherine Birch Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
30 September 2025

Profit and Loss Account and Statement of Other Comprehensive Income
for the year ended 31 December 2024

	Notes	**2024 £000**	2023 £000 Restated[1]
Turnover	2	**709,716**	717,575
Cost of sales		**(580,059)**	(609,351)
Gross profit		**129,657**	108,224
Administrative expenses		**(80,420)**	(107,458)
Operating profit	3	**49,237**	766
Interest receivable and other similar income	6	**20,593**	68,883
Interest payable and other similar expense	6	**(18,361)**	(10,712)
Profit on disposal of business	23	**31,821**	-
Distribution from GKN Investments II LP		**28,226**	86,593
Profit before taxation		**111,516**	145,530
Tax on profit	7	**(33,958)**	(8,698)
Profit for the financial year		**77,558**	136,832
Other comprehensive income/(expense)			
Re-measurement of defined benefit pension plans	19	**35,300**	(132,902)
Re-measurement of post-employment medical obligations	20	**(129)**	(2,759)
Tax on re-measurements	7	**(8,793)**	34,365
Other comprehensive income/(expense) for the year, net of tax		**26,378**	(101,296)
Total comprehensive income for the year		**103,936**	35,536

[1] Administrative expenses, the re-measurement of defined benefit pension plans within Other Comprehensive Income and pension obligations on the Balance Sheet have been restated to recognise additional pension assets relating to an annual amount receivable from another Melrose Industries PLC Group company which was previously recorded as income within the Profit and Loss Account. See note 1.

All results are derived from continuing operations.
The notes on pages 22 to 43 form part of these financial statements.

Balance Sheet
as at 31 December 2024

	Notes	2024 £000	2023 £000 Restated[1][2]
Fixed assets			
Investments in subsidiaries	8	**9,000**	9,000
Interest in Scottish Limited Partnership	19	**150,719**	150,719
Intangible assets – Development and software costs	9	**23,382**	34,683
Tangible fixed assets	10	**99,782**	100,854
Pension surplus	19	**30,255**	-
		313,138	295,256
Current assets			
Stocks	11	**110,167**	94,801
Debtors (including £679,396,000 (2023: £507,527,000) due after more than one year)	12,13	**815,076**	706,289
Cash at bank and in hand		**1,296**	8,031
		926,539	809,121
Creditors: amounts falling due within one year	14	**(325,493)**	(284,718)
Net current assets		**601,046**	524,403
Total assets less current liabilities		**914,184**	819,659
Creditors: amounts falling due after more than one year	15	**(67,202)**	(57,554)
Provisions for liabilities			
Provisions	18	**(24,692)**	(40,760)
Pension obligations	19	**-**	(2,763)
Post-employment medical obligations	20	**(6,200)**	(6,428)
		(98,094)	(107,505)
Net assets		**816,090**	712,154
Capital and reserves			
Called up share capital	21	**300,203**	300,203
Share premium account	21	**50,000**	50,000
Other reserve	21	**15,250**	15,250
Merger reserve	21	**(10,737)**	(10,737)
Profit and loss account		**461,374**	357,438
Total shareholders' funds		**816,090**	712,154

[1] Pension obligations, Administrative expenses within the Profit and Loss Account and the re-measurement of defined benefit pension plans within Other Comprehensive Income have been restated to recognise pension assets receivable relating to an annual amount receivable from another Melrose Industries PLC Group company which was previously recorded as income within the Profit and Loss Account. See note 1.

[2] Debtors due after more than one year, including current accounts with GKN Enterprise Limited have been represented within debtors as part of Current assets. See note 1.

These Financial Statements were approved by the Board of Directors on 30 September 2025 and were signed on its behalf by:

R Gough
Director, 30 September 2025
Company registered number: 00355922

Statement of Changes in Equity
for the year ended 31 December 2024

	Called up Share capital £000	Share Premium account £000	Other reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2024 (restated)[1]	**300,203**	**50,000**	**15,250**	**(10,737)**	**357,438**	**712,154**
Total comprehensive income for the year						
Profit for the financial year	-	-	-	-	77,558	77,558
Other comprehensive income/(expense)						
Re-measurement of defined benefit pension plans	-	-	-	-	35,300	35,300
Re-measurement of post-employment medical obligations	-	-	-	-	(129)	(129)
Tax on re-measurements	-	-	-	-	(8,793)	(8,793)
Total comprehensive income for the year	-	-	-	-	103,936	103,936
Balance at 31 December 2024	**300,203**	**50,000**	**15,250**	**(10,737)**	**461,374**	**816,090**

	Called up Share capital £000	Share Premium account £000	Other reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2023	300,203	50,000	15,250	(10,737)	244,932	599,648
Impact of restatement	-	-	-	-	76,970	76,970
Balance at 1 January 2023 (restated)[1]	**300,203**	**50,000**	**15,250**	**(10,737)**	**321,902**	**676,618**
Total comprehensive income for the year						
Profit for the financial year	-	-	-	-	136,832	136,832
Other comprehensive income/(expense)						
Re-measurement of defined benefit pension plans	-	-	-	-	(132,902)	(132,902)
Re-measurement of post-employment medical obligations	-	-	-	-	(2,759)	(2,759)
Tax on re-measurements	-	-	-	-	34,365	34,365
Total comprehensive income for the year	-	-	-	-	35,536	35,536
Balance at 31 December 2023 (restated)[1]	**300,203**	**50,000**	**15,250**	**(10,737)**	**357,438**	**712,154**

[1] Administrative expenses, the re-measurement of defined benefit pension plans within Other Comprehensive Income and pension obligations on the Balance Sheet have been restated to recognise additional pension assets relating to an annual amount receivable from another Melrose Industries PLC Group company which was previously recorded as income within the Profit and Loss Account. See note 1.

Notes
(forming part of the financial statements)

1 Accounting policies

GKN Aerospace Services Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in the UK. The principal activities of the Company are stated in the Strategic Report, Business Review. The Company is registered in England and Wales with the registered number 00355922. The registered office of the Company is 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, United Kingdom, B4 6AT.

These financial statements are prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland *"FRS 102"*, and with the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Melrose Industries PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of Melrose Industries PLC are prepared in accordance with UK adopted International Financial Reporting Standards as issued by the IASB and are available to the public and may be obtained from 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, United Kingdom, B4 6AT. The Company has taken advantage of the exemption from the requirement to produce consolidated financial statements in accordance with s400 of the Companies Act 2006. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the year;
- Cash Flow Statement and related notes on the basis that it is a qualifying entity; and
- Key Management Personnel compensation as required by FRS 102 paragraph 33.7

As the consolidated financial statements of Melrose Industries PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- From disclosing share-based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and,
- From the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures

Disposals

On 1 March 2024, the Company disposed of its Fuel Systems business (Portsmouth site). This disposal has not been classified as a discontinued operation as it did not represent a separate major line of business or geographical area of operations. Further information is provided in note 23.

Prior year restatements

During the year the company has made two prior year restatements.

The Company has changed its presentation of debtors due after more than one year, including current accounts with GKN Enterprise Limited, within the Balance Sheet to include these amounts as current assets. The Company was previously including these items as fixed assets, however it was determined that the appropriate current and prior year presentation should be as current assets. Prior year comparatives have been restated accordingly. The impact of this change on the Balance Sheet at 31 December 2023 was to increase current assets by £500,174,000 (split between 'current accounts with GKN Enterprise Limited' of £398,900,000 and 'debtors due after more than one year' of £101,274,000) and decrease fixed assets by the same amount.

Notes *(continued)*

1 Accounting policies *(continued)*

In addition, the Company has recognised additional pension related assets relating to the future annual receipt of a £15,000,000 contribution to the GKN Group Pension Scheme (Number 1) from GKN Investments II LP, a Scottish Limited Partnership, which is a fellow member of the Melrose Industries PLC Group which was previously recorded in the Profit and Loss Account. The Company is entitled to receive a £15,000,000 contribution annually, until the GKN Group Pension Scheme (Number 1) is either deemed to be fully funded on a technical basis, or up until 31 March 2031. As such, it was determined that a pension asset relating to the future contributions to be received, should be recognised as a pension related asset and as such the prior year financial statements have been restated accordingly.

The impact of these changes on the Profit and Loss Account was to increase administrative expenses by £15,000,000 and reduce tax on profit by £1,058,000. The impact on the Statement of Other Comprehensive Income was to reduce the re-measurement loss on the defined benefit pension asset by £900,000 and increase the tax credit on remeasurements by £225,000. The impact of the change on the Balance Sheet was to decrease pension obligations by £56,800,000, increase deferred tax assets within debtors due after more than one year by £7,353,000 and increase shareholders funds by £64,153,000.

Alongside this, due to the nature of interest held in GKN Investments II LP this has been re-presented on a separate line in the Balance Sheet, being 'Interest in Scottish Limited Partnership'. The change has had no impact on the value of fixed assets in the Balance Sheet.

Critical account judgements and key sources of estimation uncertainty

The Company's significant accounting policies are set out below. The preparation of financial statements, in conformity with FRS 102, requires the use of estimates, subjective judgement and assumptions that may affect the amounts of assets and liabilities at the balance sheet date and reported profit and earnings for the year. The Directors base these estimates, judgements and assumptions on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

The Directors consider that there are no key accounting judgements other than those that involve estimation. Assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Assumptions used to determine the carrying amount of defined benefit pension obligations

The Company's pension plans are significant in size. The defined benefit pension obligations in respect of the plans are discounted at rates set by reference to market yields on high quality corporate bonds. Significant estimation is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds to include are the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. In addition, assumptions are made in determining mortality and inflation rates to be used when valuing the plan's defined benefit obligations. At 31 December 2024, the defined benefit pension was a net surplus of £30,255,000 (31 December 2023: net deficit of £2,763,000). Further details of the assumptions applied and a sensitivity analysis on the principal assumptions used to determine the defined benefit liabilities of the Company's obligations are shown in note 19. Whilst actual movements might be different to sensitivities shown, these are a reasonably possible change that could occur.

Measurement of deferred tax assets in the UK

The Company has significant deferred tax assets, arising mainly from tax losses and other deductible temporary differences. Significant judgements and estimates are required to assess whether it is probable that sufficient taxable profits will arise to utilise the deferred tax assets recognised. In evaluating the ability to recover deferred tax assets, the Company considers both positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income and results of recent operations. Sensitivity analysis is undertaken to assess the impact of factors such as a reduction in long-term growth rate or operating profit on the forecast future taxable profit. In projecting future taxable income, the Company uses projections prepared for internal forecasting to estimate future forecast taxable profits. The assumptions about future taxable income require the use of estimates and are consistent with the plans the Group uses to manage the underlying businesses.

Provisions

Whilst estimating provisions requires judgement, the range of reasonably possible outcomes can be material. Provision amounts stated represent management's best estimate of the likely outcome after consideration of sensitivity analysis. Further information is set out in note 18.

Notes *(continued)*

1 Accounting policies *(continued)*

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed the Company's forecasts and they 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.

Long-term intercompany arrangements exist with GKN Enterprise Limited (an intermediary company within the Melrose Industries PLC group) to sweep any excess cash from GKN Aerospace Services Limited to GKN Enterprise Limited. Under this arrangement the Company is able to draw amounts in excess of the current receivable balance from GKN Enterprise Limited to fund working capital needs and other expenditure, which is then offset against this current receivable balance from GKN Enterprise Limited. This availability of cash has been factored into the going concern assessment. The Company has also received a letter of support, from GKN Enterprise Limited confirming that it will repay the cash deposited by the Company when required to meet its liabilities over the next 12 months from the date of approval of these financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments and are initially measured at fair value, net of transaction costs. The Company derecognises financial liabilities when obligations are discharged, significantly modified, cancelled or they expire.

Notes *(continued)*

1 Accounting policies *(continued)*

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

The Company applies section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

1.6 Other financial instruments

Derivative financial instruments and hedging

Derivative financial instruments are held with a fellow subsidiary of Melrose Industries PLC and are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss within net interest payable/receivable.

1.7 Investments in subsidiaries

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

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Land and buildings

• freehold buildings	up to 50 years
• leasehold properties	shorter of lease term or 50 years

Other fixed assets

• general plant, machinery, fixtures, fittings and equipment	6 – 15 years
• computers	3 – 5 years
• commercial vehicles and cars	4 – 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.9 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Notes *(continued)*

1 Accounting policies *(continued)*

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Software costs

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation of development costs is charged to the profit or loss on a straight line basis over the product's life up to a maximum of 15 years starting from the date on which serial production commences, or by units of production where this more appropriately reflects the consumption of the asset.

The estimated useful lives of intangible fixed assets are as follows:

- computer software costs 3 – 5 years
- development costs 1 – 5 years
- goodwill 15 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.10 Government grants

Government grants are recognised when the relevant grant criteria have been met and written confirmation has been received from the funding authority. Government grants are credited to the profit and loss account over the expected useful lives of the assets to which they relate or in years in which the related costs are incurred.

1.11 Cash

Cash comprise cash in hand, balances with banks and similar institutions, and short-term deposits which are readily convertible to cash and are subject to insignificant risks of changes in value.

1.12 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Provision is made for obsolete, slow-moving or defective items where appropriate.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the cash-generating units ("CGU") that is expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Employee benefits

Pensions and post-employment benefits

The Company's pension arrangements comprise various defined benefit and defined contribution schemes. Contributions to externally funded defined benefit schemes are based on the advice of independent actuaries or in accordance with the rules of the schemes.

The Company accounts for all post-employment defined benefit schemes through recognition of the schemes' surpluses or deficits on the balance sheet at the end of each year. Re-measurement of defined benefit plans is included in other comprehensive income. Current and past service costs, curtailments and settlements are recognised within operating profit. Interest charges on net defined benefit plans are recognised in net interest payable/receivable.

Plan assets are measured at fair value and plan liabilities are measured on an actuarial basis and discounted at an interest rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the plan liabilities. Any assets resulting from this calculation are limited to past service cost plus the present value of available refunds and reductions in future contributions to the plan. The present value of the defined benefit obligation, and the related current service cost and past service cost, are measured using the projected unit credit method.

Notes *(continued)*

1 Accounting policies *(continued)*

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

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

1.15 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.16 Turnover

Turnover is measured at the fair value of the consideration receivable which generally equates to the invoiced amount, excluding sales taxes. The Company has two principal revenue streams:

Sales of product

Invoices for goods are raised when the risks and rewards of ownership have passed which, dependent upon contractual terms, may be at the point of despatch, acceptance by the customer or certification by the customer.

Design and build

Cash is received in advance of work performed to compensate the Company for costs incurred in design and development activities. Where such amounts are received and the risk and rewards of ownership over development assets are not deemed to have been transferred, amounts are deferred on the balance sheet (in 'Payments received on account') and taken to turnover as the Company performs its contractual obligations either on delivery of product or milestones.

Due to the nature of the design and build contracts there can be significant 'learning curves' whilst the Company optimises its production process. During the early phase of these contracts, all costs including any start-up losses are taken directly to the Profit and Loss account.

1.17 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Borrowing costs are expensed in profit or loss in the year in which they are incurred.

1.18 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes *(continued)*

1 Accounting policies *(continued)*

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.19 Climate change

In preparing the Financial Statements, the Directors have considered the impact of climate change with specific regard to the risks identified in the Melrose Group's Task Force on Climate-related Financial Disclosures ("TCFD") report detailed on page 65 of the Melrose Industries PLC Group Annual Report 2024.

The Directors have considered the impact of climate change and have determined that there is no material impact on the financial reporting judgements and estimates. Further information on the areas considered is given on page 184 of the Melrose Industries PLC Group Annual Report 2024.

2 Turnover

Turnover represents the amounts derived from the provisions of goods which fall within the Company's ordinary activities stated net of VAT. The Company operates in the UK with one principal area of activity, being the supply of aerospace products to original equipment manufacturers.

	2024	2023
	£000	£000
By geographical market:		
United Kingdom	**477,443**	486,682
Continental Europe	**50,571**	53,378
Americas	**177,451**	165,758
Rest of the world	**4,251**	11,757
	709,716	717,575

Notes *(continued)*

3 Operating profit is stated after (charging)/crediting:

	2024 **£000**	2023 £000
Staff costs:		
Wages and salaries	**(173,120)**	(177,898)
Social security costs	**(16,612)**	(17,642)
Other pension costs – defined contribution schemes	**(15,913)**	(15,861)
Restructuring project costs	**(5,618)**	(6,283)
Depreciation of tangible assets	**(20,348)**	(20,539)
Impairment reversal of tangible assets	**-**	2,190
Amortisation of goodwill	**-**	(6,355)
Amortisation of other intangible assets	**(13,433)**	(13,540)
Operating lease charges	**(10,152)**	(10,273)
Services provided by the Company's auditors		
Fees payable for the audit	**(650)**	(805)
Net release/(charge) in respect of commercial, programme, warranty and legal arrangements	**2,119**	(2,949)
Net (charge)/release for loss-making contract provisions	**(1,509)**	827
Revaluation loss on retranslation of US dollar denominated monetary items	**(924)**	(1,269)

Research and development expenditure was £37,141,000 (2023: £32,874,000) before customer and government funding of £12,772,000 (2023: £8,899,000).

4 Average number of employees

The monthly average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2024 **Number**	2023 Number
Works	**2,773**	2,845
Administrative staff	**683**	792
	3,456	3,637

5 *Directors' remuneration*

	2024 **£000**	2023 £000
Aggregate remuneration	**1,249**	1,085
Aggregate Company contributions to pension schemes	**43**	48
Aggregate amounts received under long-term incentive schemes	**77**	3,026
	1,369	4,159

The Directors' emoluments for the year are disclosed in accordance with the Companies Act 2006. Emoluments are apportioned for the services provided by the Directors to the Company. The emoluments of seven (2023: four) Directors are borne by another Group company.

Notes *(continued)*

5 Directors' remuneration *(continued)*

	2024 Number of directors	2023 Number of directors
Exercised share options	**4**	-
Accruing benefits under defined benefit pension schemes in respect of qualifying services	-	-
Accruing benefits under money purchase pension schemes in respect of qualifying services	**8**	6
Received/entitled to receive shares under long term incentive schemes in respect of qualifying services	**8**	4

Directors are entitled to receive benefits under the defined benefit or defined contribution sections of the Group's scheme depending on when they joined the Group and/or they may choose to take a cash allowance. The defined benefit section of the Scheme closed to future accruals on 30 June 2017.

The Company makes contributions to the defined contribution section of the schemes in respect of Directors' qualifying services based on a multiple of an individual's contribution depending on the individual's grade subject to a maximum % of the individual's salary.

In respect of the highest paid Director

	2024 £000	2023 £000
Remuneration	**797**	689
Amounts (excluding shares) receivable under long-term incentive schemes	-	2,700
Company contributions to pension schemes	**30**	34
	827	3,423

6 Net interest receivable

Interest receivable and other similar income

	2024 £000	2023 £000
Change in value of forward foreign currency derivative contracts(1)	-	45,267
Interest receivable on defined benefit pension plans	-	1,629
Unwind of discounts within provisions	-	62
Interest receivable on current accounts with GKN Enterprise Limited	**20,593**	19,098
Interest receivable on loans with group undertakings	-	2,827
	20,593	68,883

Notes *(continued)*

6 Net interest receivable *(continued)*

Interest payable and other similar expense

	2024 £000	2023 £000
Change in value of forward foreign currency derivative contracts[1]	**(10,387)**	-
Interest charge on defined benefit pension plans	**(2,422)**	-
Interest charge on post-employment medical obligations	**(278)**	(184)
Other interest payable	**(3,377)**	(342)
Interest payable on loans with group undertakings	**(1,897)**	(10,186)
	(18,361)	(10,712)

[1] Forward foreign currency derivative contracts are held with Melrose PLC, a fellow subsidiary of Melrose Industries PLC.

7 Tax on profit

Total tax recognised in the profit and loss account

	2024 £000	2023 £000 Restated[1]
Current tax		
UK Corporation tax		
Amount payable to Group undertakings related to group relief	**(28,332)**	-
Withholding taxes suffered	-	(273)
Adjustments in respect of prior years	**(892)**	(555)
Total current tax	**(29,224)**	(828)
Deferred tax		
Origination and reversal of temporary differences		
Current year	**1,209**	(7,263)
Effect of rate differences on deferred tax recognition	-	(2,933)
Adjustment in respect of prior year	**(5,943)**	2,326
Total deferred tax	**(4,734)**	(7,870)
Total tax	**(33,958)**	(8,698)

The Company has made a payment of £28,332,000 to Group undertakings in relation to the claim of group relief.

Notes *(continued)*

7 Taxation *(continued)*

Total tax recognised in other comprehensive income and equity

	2024 £000 Current tax	2024 £000 Deferred tax	2024 £000 Total tax	2023 £000 Current tax	2023 £000 Deferred tax Restated[1]	2023 £000 Total tax Restated[1]
Recognised in:						
Profit and loss account	**(29,224)**	**(4,734)**	**(33,958)**	(828)	(7,870)	(8,698)
Other comprehensive income	**-**	**(8,793)**	**(8,793)**	-	34,365	34,365
Total tax	**(29,224)**	**(13,527)**	**(42,751)**	(828)	26,495	25,667

Reconciliation of effective tax rate

The tax assessed for the year is higher than (2023: lower than) the standard rate of corporation tax in the UK of 25% (2023: 23.5%)

	2024 £000	2023 £000 Restated[1]
Profit before tax	**111,516**	145,530
Profit before tax multiplied by the standard UK corporation rate of 25% (2023: 23.5%)	**(27,879)**	(34,200)
Tax effect of expenditure not deductible in determining taxable profits	**756**	12,666
Group relief surrendered at nil tax rate	**-**	14,271
Withholding taxes suffered	**-**	(273)
Effect of rate differences on deferred tax recognition	**-**	(2,933)
Adjustment to current tax charge in respect of prior periods	**(892)**	(555)
Adjustment to deferred tax charge in respect of prior periods	**(5,943)**	2,326
Total tax included in profit or loss	**(33,958)**	(8,698)

The rate of UK corporation tax for the year ended 31 December 2024 was 25% and, as such, closing deferred tax balances have been measured using the 25% rate.

Recognised deferred tax assets

	Post employment obligations £000	Fixed Asset timing difference £000	Other £000	Total £000
At 1 January 2024 (restated)[1]	2,297	69,633	33,103	105,033
Included in the profit and loss account	482	1,575	(6,791)	(4,734)
Included in other comprehensive income	(8,793)	-	-	(8,793)
At 31 December 2024	**(6,014)**	**71,208**	**26,312**	**91,506**

[1]The 2023 tax charge and deferred tax assets at 31 December 2023 have been restated. See note 1.

Other deferred tax assets include £8,013,000 (2023: £5,416,000) in respect of derivative financial instruments (forward foreign currency contracts) and £7,833,000 (2023: £13,129,000) in respect of provisions. Deferred tax assets are recognised where management projections indicate the future availability of taxable profits to absorb the deductions.

The Company is within the scope of the Global Minimum tax ("Pillar 2") rules. It has taken advantage of the exemption within FRS 102 regarding further disclosure given the disclosures made in the Melrose Industries PLC Annual Report.

Notes *(continued)*

8 Investments in subsidiaries

	£000
Cost and Net book value	
At 1 January 2024 and at 31 December 2024	**9,000**

Investments in subsidiary undertakings are not impaired at 1 January 2024 and 31 December 2024.

The following is a list of the Company's subsidiaries at 31 December 2024:

	Equity interest %	Class of share held
United Kingdom		
11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT		
GKN 1 Trustee 2018 Limited	100	Ordinary
GKN 4 Trustee 2018 Limited	100	Ordinary
Capital Square, 58 Morrison Street, Edinburgh, Scotland, EH3 8BP		
GKN Investments II GP Limited	100	Ordinary
China		
Room 805, 8th Floor, Building 2, No. 1859 Shibo Avenue, Shanghai		
GKN Aerospace (Shanghai) Co., Ltd	100	Ordinary
1 Xinwang Road, Jingjiang Economic and Technic Development Zone, Jingjiang, Jiangsu		
GKN Aerospace (Jingjiang) Co., Ltd	100	Registered investment

9 Intangible assets and goodwill

	Goodwill £000	Software costs £000	Development costs £000	Total £000
Cost				
Balance at 1 January 2024	91,257	15,567	252,886	359,710
Additions	-	281	1,851	2,132
Disposal of businesses	-	(1,187)	(630)	(1,817)
Balance at 31 December 2024	**91,257**	**14,661**	**254,107**	**360,025**
Accumulated amortisation and impairment				
Balance at 1 January 2024	91,257	14,737	219,033	325,027
Amortisation charge for the year	-	662	12,771	13,433
Disposal of businesses	-	(1,187)	(630)	(1,817)
Balance at 31 December 2024	**91,257**	**14,212**	**231,174**	**336,643**
Net book value				
At 31 December 2024	-	**449**	**22,933**	**23,382**
At 31 December 2023	-	830	33,853	34,683

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

Notes *(continued)*

10 Tangible assets

	Land and buildings £000	Other fixed assets £000	Capital work in progress £000	Total £000
Cost				
Balance at 1 January 2024	43,241	324,355	16,060	383,656
Additions	-	2,507	18,889	21,396
Disposals	(29)	(1,297)	-	(1,326)
Transfers	1,419	6,842	(8,261)	-
Disposal of businesses	(4,219)	(8,490)	-	(12,709)
Balance at 31 December 2024	**40,412**	**323,917**	**26,688**	**391,017**
Accumulated depreciation and impairment				
Balance at 1 January 2024	33,481	249,321	-	282,802
Depreciation charge for the year	3,491	16,857	-	20,348
Disposals	(29)	(1,297)	-	(1,326)
Disposal of businesses	(3,072)	(7,517)	-	(10,589)
Balance at 31 December 2024	**33,871**	**257,364**	**-**	**291,235**
Net book value				
At 31 December 2024	**6,541**	**66,553**	**26,688**	**99,782**
At 31 December 2023	9,760	75,034	16,060	100,854

11 Stocks

	2024 £000	2023 £000
Raw materials and consumables	**48,327**	41,600
Work in progress	**48,562**	42,570
Finished goods	**13,278**	10,631
	110,167	94,801

The amount of any adjustment to stocks recognised in profit and loss in the year was £1,792,000 expense (2023: £1,169,000 expense).

Notes *(continued)*

12 Debtors due within one year

	2024 £000	2023 £000
Trade debtors	**59,962**	75,494
Amounts owed by GKN Investment II LP	**28,226**	86,593
Amounts owed by group undertakings	**10,916**	6,249
Corporation tax – R&D Expenditure credit	**3,716**	2,095
Other debtors	**15,506**	13,969
Other financial assets (Note 17)	**967**	1,125
Prepayments and accrued income	**16,387**	13,237
	135,680	198,762

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13 Debtors due after more than one year

	2024 £000	2023 £000 Restated(1)(2)
Current accounts with GKN Enterprise Limited (Note 16)	**578,018**	398,900
Deferred tax assets (Note 7)	**91,506**	105,033
Other financial assets (Note 17)	**1,433**	3,594
Amounts owed by group undertakings	**2,840**	-
Prepayments and accrued income	**5,599**	-
	679,396	507,527

(1)Debtors due after more than one year have been represented within current assets. See note 1.
(2)Deferred tax assets have been restated. See note 1.

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due within one year

	2024 £000	2023 £000
Bank loans and overdrafts	**-**	1,277
Payments received on account	**55,516**	39,909
Trade creditors	**131,042**	125,248
Amounts owed to group undertakings	**46,195**	24,046
Other creditors including taxation and social security	**24,679**	39,618
Current accounts with GKN Enterprise Limited (Note 16)	**23,958**	4,066
Other financial liabilities (Note 17)	**14,629**	8,064
Accruals and deferred income	**29,474**	42,490
	325,493	284,718

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	2024	2023
	£000	£000
Payments received on account	**31,418**	33,655
Amounts owed to group undertakings	**1,149**	-
Accruals and deferred income	**14,811**	5,580
Other financial liabilities (Note 17)	**19,824**	18,319
	67,202	57,554

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

16 Current accounts with GKN Enterprise Limited

Current accounts with GKN Enterprise Limited represent funding both of a permanent nature and to cover short term funding of the Company's working capital. The Company has seventeen current account facilities with GKN Enterprise Limited, for a total of £554,060,000. All facilities are due for repayment on 30 April 2028. Interest is earned at the 1 month market rate (vs SONIA for GBP, SOFR for USD and EURIBOR for EUR) -0.125% for accounts in hand and 1 month market rate (vs SONIA for GBP, SOFR for USD and EURIBOR for EUR) +1.000% for accounts overdrawn. At 31 December 2024 accounts in hand were £578,018,000 (2023: £398,900,000) and accounts overdrawn were £23,958,000 (2023: £4,066,000).

17 Other financial assets and liabilities

	2024	2023
	£000	£000
Amounts falling due within one year		
Financial assets	**967**	1,125
Financial liabilities	**(14,629)**	(8,064)
	(13,662)	(6,939)
Amounts falling due after more than one year		
Financial assets	**1,433**	3,594
Financial liabilities	**(19,824)**	(18,319)
	(18,391)	(14,725)
	(32,053)	(21,664)

All other financial assets and liabilities are forward foreign currency derivative contracts held at fair value through profit and loss and are held with a fellow subsidiary of Melrose Industries PLC. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. Gains and losses recognised on the change in the value of forward foreign currency derivative contracts are presented in note 6.

Notes *(continued)*

18 Provisions

	At 1 January 2024 £000	Provisions made £000	Provisions released £000	Utilised £000	Disposal of businesses £000	**At 31 December 2024 £000**
Restructuring	861	5,618	-	(5,189)	-	**1,290**
Warranty	3,954	289	(403)	(273)	(1,569)	**1,998**
Litigation and commercial	17,805	4,138	(6,430)	(3,689)	(1,485)	**10,339**
Dilapidations	3,085	-	-	-	-	**3,085**
A380 Programme termination	2,854	287	-	(1,408)	-	**1,733**
Loss-making contracts	12,201	1,509	-	(6,619)	(844)	**6,247**
	40,760	11,841	(6,833)	(17,178)	(3,898)	**24,692**

Loss-making contract provisions represent the forecast unavoidable costs required to meet the obligations of long-term agreements, in excess of the contractual inflow expected to be generated in respect of these agreements. In assessing the unavoidable costs, management has considered the possibility that future actions could impact the profitability of the contracts. Calculation of the liability includes estimations of volumes, price and costs to be incurred over the life of the contract, which are discounted to a current value. Future changes within these estimates, or commercial progress could have a material impact on the provision in future periods.

Restructuring provisions relate to committed costs in respect of restructuring programmes, usually resulting in cash spend in the next one to two years.

Provisions set aside for other commercial, litigation and warranty exposures either relate to specific provisions created in respect of individual customer issues undergoing commercial resolution and negotiation or amounts provided systematically based on historical experience under contractual warranty obligations attaching to the supply of goods. Calculation of the liability represents the best estimate of the expenditure required to settle the Company's obligations, based on past experience, recent claims and current estimates of costs relating to specific claims and subsequently updated for changes in estimates as necessary.

Utilisation of the provisions due in more than one year is estimated at £1 million in 2026 and less than £1 million in each of 2027 and 2028.

19 Employee benefits – pensions

The Company's pension arrangements at 31 December 2024 comprise two defined benefit schemes and a defined contribution scheme.

On 1 July 2019 the GKN UK 2012 Pension Plan was split into four separate pension schemes "the GKN Group Pension Schemes (Numbers 1 - 4)". Two of these schemes, (GKN Group Pension Scheme (Number 1) and GKN Group Pension Scheme (Number 4) are allocated to the Company. These schemes are funded plans, closed to new members and were closed to future accrual in 2017. The valuation of the plans was based on a full actuarial valuation as of 5 April 2022, updated to 31 December 2024 by independent actuaries.

On 30 June 2019 the Company entered into a settlement deed with various group companies and the GKN Pension Trustees. The Company took a membership interest in GKN Investments II LP, a Scottish Limited Partnership, for £150,719,000. GKN Investments II LP owns and sub-leases property assets, enters into sub-licensing of the GKN trademark licence in respect of the GKN Aerospace businesses and improves the funding of the Company's pension schemes.

As detailed in note 1, the Company has restated its pension obligations for the year ended 31 December 2023. Previously, the company recorded the annual £15,000,000 contribution to the GKN Group Pension Scheme (Number 1) made by GKN Investments II LP within administrative expenses in the Profit and Loss Account. It has now been determined that this is the incorrect treatment and as such, a pension asset relating to the future contributions to be received has been recognised. As such, the defined benefit pension obligation at 31 December 2023 has been restated, reflecting a decrease in the obligation of £56,800,000.

During the prior year, a buy-in policy was purchased for £44,802,000 which fully insured pensioner members who were in the GKN Group Pension Scheme Number 4. The present value of funded defined benefit obligations for GKN Group Pension Scheme Number 4 was actuarially calculated and the plan asset was set equal.

Notes *(continued)*

19 Employee benefits – pensions *(continued)*

In June 2023, the UK High Court ruled that certain historical amendments for contracted-out defined benefit pension schemes were invalid if they were not accompanied by the correct actuarial confirmation. The ruling was subject to appeal with a judgment upheld on 25 July 2024. The Company is in the process of evaluating the impact with the Trustees and is monitoring developments in relation to this matter.

The cost of the Company's defined benefit plans is determined in accordance with IAS 19 (revised): "Employee benefits" using the advice of independent professionally qualified actuaries on the basis of formal actuarial valuations and using the projected unit credit method. In line with normal practice, these valuations are undertaken triennially.

Movements in present value of defined benefit obligation and fair value of plan assets

	Defined benefit obligation £000	Plan assets £000	Net pension asset/(liability) £000
At 1 January 2024 (restated)[1]	(1,129,900)	1,127,137	(2,763)
Net expense recognised in profit and loss			
Expenses paid	-	(1,834)	(1,834)
Interest (expense)/income	(49,380)	46,958	(2,422)
Total net expense recognised in profit or loss	(49,380)	45,124	(4,256)
Re-measurement	137,197	(101,897)	35,300
Contributions by employer	-	1,974	1,974
Benefits paid	65,879	(65,879)	-
At 31 December 2024	**(976,204)**	**1,006,459**	**30,255**

The fair value of the plan assets and the return on those assets were as follows:

	2024 Fair value £000	2023 Fair value £000 Restated[1]
Private equities	**13,351**	24,367
Diversified growth funds	**200,892**	129,483
Government debt	**271,042**	356,082
Corporate bonds	**34,446**	35,022
Insurance contracts	**378,361**	438,570
Property	**4,439**	8,588
Cash and others	**103,928**	135,025
	1,006,459	1,127,137
Actual return on plan assets	**(54,939)**	(40,726)

[1] Pension plan assets have been restated to recognise pension assets receivable relating to an annual amount receivable from another Melrose Industries PLC Group company. See note 1.

Notes *(continued)*

19 Employee benefits – pensions *(continued)*

Estimating the defined benefit pension obligation involves a number of significant assumptions and estimates, the principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2024	2023
	%	%
Discount rate	**5.5**	4.5
Future salary increases (past/future service)	**n/a**	n/a
Inflation (RPI/CPI)	**3.0/2.6**	2.9/2.5
Rate of increase in payment and deferred pensions	**2.7**	2.6

Mortality assumptions for The GKN Group Pension Schemes (Numbers 1 and 4) as at 31 December 2024 were based on the Self Administered Pension Scheme ("SAPS") "S3PA" base tables with scheme-specific adjustments. The base table mortality assumption for each of the UK plans reflects best estimate results from the most recent mortality experience analyses for each scheme. Scaling factors vary by scheme.

Future improvements for all UK plans are in line with the 2023 Continuous Mortality Investigation ("CMI") core projection model (SK = 7.0, A = 0%, w2022 = w2023 = 15%) with a long-term rate of improvement of 1.25% p.a for both males and females.

Risks and sensitivities
The defined benefit plans expose the Company to actuarial risks, such as longevity risk, inflation risk, interest rate risk and market (investment) risk. The Company is not exposed to any unusual, entity specific or plan specific risks. A sensitivity analysis on the principal assumptions used to measure the plan liabilities at the year end was as follows:

	Change in assumption	Decrease/(increase) in plan liabilities £000	(Decrease)/increase in profit before tax £000
Discount rate	Increase by 0.5ppts	55,532	(2,427)
	Decrease by 0.5ppts	(60,378)	2,639
Inflation	Increase by 0.5ppts	(34,048)	-
	Decrease by 0.5ppts	36,733	-
Assumed life expectancy at age 65 (rate of mortality)	Increase by 1 year	(36,191)	-
	Decrease by 1 year	37,005	-

The sensitivity analysis above was determined based on reasonably possible changes to the respective assumptions, while holding all other assumptions constant. There has been no change in the methods or assumptions used in preparing the sensitivity analysis from prior years. Sensitivities are based on the relevant assumptions and membership profile as at 31 December 2024 and are applied to obligations at the end of the reporting year. Whilst the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation to the sensitivity of assumptions shown. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate and the sensitivity analysis presented may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Defined contribution plans

The Company operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £15,913,000 (2023: £15,861,000).

Notes *(continued)*

20 Employee benefits – post-employment medical obligations

At 1 January 2022 the Company assumed a £5,336,000 liability regarding a share of the former GKN plc executive post-employment healthcare scheme. The liabilities for the whole scheme were previously held by a former group company, GKN Group Services Limited. The scheme provides post-employment healthcare benefits to former executive employees and their spouses in the form of an assured level of pension payable for life. The level of benefits provided typically depends on length of service and salary levels in the years leading up to retirement. Pensions in payment are generally updated in line with inflation. The schemes are closed to new entrants and the obligations are not funded.

	Post-employment medical obligations £000
At 1 January 2024	(6,428)
Net expense recognised in profit and loss	
Interest expense	(278)
Total net expense recognised in profit or loss	(278)
Re-measurement	(129)
Benefits paid	635
At 31 December 2024	**(6,200)**

Estimating the retirement benefit obligation involves assumptions and estimates, the principal actuarial assumptions at the year end were as follows:

2024: rate of increase in medical costs – initial/long-term: 12.00/10.00 (2023: 12.00/10.00)

Risk factors
Through its post-employment medical plan, the Company is exposed to a number of risks, the most significant of which are detailed below. The Company's focus is on managing the cash demands which the plans place on the Company, rather than balance sheet volatility in its own right.

Changes in bond yields: A decrease in bond yields will typically increase plan liabilities (and vice-versa), although this will be offset partially by an increase in the value of bonds held in the asset portfolios of the various plans. The effect of changes in bond yields is more pronounced in unfunded schemes where there is no potential for an offsetting movement in asset values.

Inflation risk: As pension obligations are linked to inflation, higher inflation expectations will lead to higher liabilities, although caps are in place to protect against unusually high levels of inflation.

Member longevity: As the Company's retirement benefit obligations are generally to provide benefits for the life of the member, increases in life expectancy will generally result in an increase in plan liabilities (and vice versa).

Notes *(continued)*

21 Capital and reserves

Share capital

	2024	2023
	£000	£000
Allotted, called up and fully paid		
300,202,941 (2023: 300,202,941) ordinary shares of £1 each	**300,203**	300,203

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium account

The share premium account represents shareholder contributions above the nominal value of the shares purchased.

Merger reserve

The merger reserve was established following group re-constructions in which the Company acquired the trade and assets of the Luton and former Kings Norton operations in 2007 and 2006 from fellow group undertakings. The reserve is the difference between the book value of the net assets acquired and the consideration.

Other reserve

The other reserve is a non-distributable reserve created in 1995 following a capital restructuring.

22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2024	2023
	£000	£000
Less than one year	**7,957**	9,690
Between one and five years	**24,423**	26,074
More than five years	**32,238**	37,723
	64,618	73,487

23 Disposal of business

On 1 March 2024, the Company disposed of its Fuel Systems business (Portsmouth site). This disposal has not been classified as a discontinued operation as it did not represent a separate major line of business or geographical area of operation.

The costs charged to profit and loss associated with the disposal were £3,704,000, of which £3,086,000 were accrued in the prior year, but paid during the year. Consideration received was £41,160,000, net assets disposed were £8,721,000 and the profit on disposal in the year was £31,821,000.

23 Disposal of business *(continued)*

Classes of assets and liabilities disposed were as follows:

	£000
Intangible assets	-
Tangible fixed assets	2,120
Stocks	5,045
Debtors	6,092
Cash at bank and in hand	4,097
Total assets	**17,354**
Creditors	(4,735)
Provisions	(3,898)
Total liabilities	**(8,633)**
Net assets	**8,721**
Consideration (net of costs charged in the year)	40,542
Profit on disposal	**31,821**

24 Guarantees and capital commitments

At 31 December 2024 the Company is a guarantor in respect of the payment obligations owed by Melrose PLC under its committed bank facilities which consist of multi-currency term loans and revolving credit facilities denominated US$1,639 million, €400 million, and £300 million all of which mature in April 2026 but with the potential to be extended by up to two additional one-year periods at the option of Melrose PLC.

Subsequent to 31 December 2024, additional committed bank facilities of €355 million maturing in January 2027, and facilities totalling US$70 million and £50 million maturing in January 2026 were arranged by Melrose PLC of which the Company is also a guarantor.

The Company's contractual commitments to purchase tangible fixed assets at the year-end were £14,194,000 (2023: £10,662,000).

25 Related parties

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102 Section 33, 'Related Party Disclosures', as it is a wholly owned subsidiary of a group headed by Melrose Industries PLC.

The Company's key management personnel are the Directors. Details of Director's remuneration are given in note 5.

26 Ultimate parent company and parent company of larger group

The immediate parent undertaking is Westland Group plc. The ultimate parent undertaking and controlling party is Melrose Industries PLC, a company incorporated in England. The consolidated financial statements of Melrose Industries PLC for year ended 31 December 2024, are available from the registered office, 11th Floor, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, West Midlands, B4 6AT or at www.melroseplc.net. Melrose Industries PLC is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2024.