Dowlais Group plc

Initial Accounts

For the period from 13 January 2023 (date of incorporation) to 10 August 2023

Registered Number: 14591224

Dowlais Group plc

Initial accounts
for the period from 13 January 2023 (date of incorporation) to 10 August 2023

Contents

Page:

Dowlais Group plc

Company Information
for the period from 13 January 2023 (date of incorporation) to 10 August 2023

Directors
Liam Butterworth
Roberto Fioroni
Simon Mackenzie Smith
Simon Peckham
Geoffrey Martin
Celia Baxter
Philip Harrison
Shali Vasudeva
Alexandra Innes
Fiona MacAulay

Secretary
John Nicholson

Registered Office
2nd Floor Nova North
11 Bressenden Place
London
United Kingdom
SW1E 5BY

Registered company number
14591224

Previous company name
Dowlais Group Headquarters plc, from 13 January 2023 to 3 February 2023

Auditor
Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Corporate broker
Investec Bank Plc
30 Gresham Street
London
EC2V 7QP

Country and Date of Incorporation
England & Wales, 13 January 2023

The Directors present the initial accounts for the period from incorporation on 13 January 2023 to 10 August 2023 which have been prepared in accordance with section 839(4) of the Companies Act 2006.

Directors
The Directors of the Company who were in office during the period and to the date of signing the initial accounts were as follows:

	Appointed:
Liam Butterworth	10 February 2023
Roberto Fioroni	10 February 2023
Simon Mackenzie Smith	09 February 2023
Simon Peckham	13 January 2023
Geoffrey Martin	13 January 2023
Celia Baxter	20 February 2023
Philip Harrison	10 February 2023
Shali Vasudeva	20 February 2023
Alexandra Innes	20 February 2023
Fiona MacAulay	20 February 2023

Director's Responsibility Statement
In accordance with section 836(2) of the Companies Act 2006, the directors of a public limited company are required to prepare initial accounts where the company wishes to make a distribution prior to its first statutory accounts having been laid before its members.

The initial accounts are in respect of the company only and are required to be properly prepared or have been so prepared except for matters which are not material for determining whether the distribution would contravene the relevant provisions of the Companies Act 2006.

Under the Companies Act 2006, the directors have elected to prepare these initial accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of initial accounts may differ from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITOR TO THE DIRECTORS OF DOWLAIS GROUP PLC UNDER SECTION 839(5) OF THE COMPANIES ACT 2006

Opinion

We have examined the initial accounts of Dowlais Group plc for the period from 13 January 2023 to 10 August 2023. which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 19. The initial accounts have been prepared under the accounting policies set out therein.

In our opinion the initial accounts for the period from 13 January 2023 to 10 August 2023 have been properly prepared in accordance with section 839(4) of the Companies Act 2006.

Respective responsibilities of directors and auditor

As described in the directors' responsibilities statement, the directors are responsible for the preparation of the initial accounts in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to report to you our opinion as to whether the initial accounts have been properly prepared within the meaning of section 839(4) of the Companies Act 2006.

Use of our report

This report is made solely to the company in accordance with section 839(5) of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters that we are required to state to it in an auditor's report on initial accounts and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions that we have formed.

Deloitte LLP

Deloitte LLP
Statutory Auditor
London, United Kingdom
11 September 2023

Dowlais Group plc

Income Statement
for the period from 13 January 2023 (date of incorporation) to 10 August 2023

	Notes	For the period from 13 January 2023 (date of incorporation) to 10 August 2023
		£m
Administrative expenses		**(21.9)**
Operating loss	4 - 6	**(21.9)**
Revaluation gain	7	**1.0**
Interest payable and similar expenses	8	**(0.2)**
Loss before taxation		**(21.1)**
Taxation on loss	9	**-**
Loss after tax for the period		**(21.1)**
Total comprehensive expense for the period		**(21.1)**

There were no recognised gains or losses in the current period other than as stated above. Consequently, no separate statement of other comprehensive income is presented.

The notes on pages 9 to 23 form part of these initial accounts.

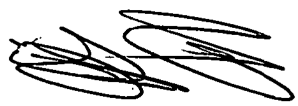
Dowlais Group plc

Statement of Financial Position
at 10 August 2023

Registered number: 14591224

	Notes	10 August 2023 £m
Fixed assets		
Investments in subsidiaries	10	**1,084.1**
Other financial assets	11	**30.6**
		1,114.7
Current assets		
Debtors	13	**0.1**
Current assets		**0.1**
Creditors: amounts falling due within one year	14	**(28.6)**
Net current liabilities		**(28.5)**
Total assets less current liabilities		**1,086.2**
Net assets		**1,086.2**
Capital and reserves		
Share capital	16	**13.9**
Share premium	16	**-**
Own shares		**(7.4)**
Retained earnings		**1,079.7**
Shareholders' funds		**1,086.2**

The initial accounts were approved and authorised for issue by the Board of Directors on 11 September 2023 and were signed on its behalf by:



Roberto Fioroni
Director

The notes on pages 9 to 23 form part of these initial accounts.

Dowlais Group plc

Statement of Changes in Equity
for the period from 13 January 2023 (date of incorporation) to 10 August 2023

	Share capital £m	Share premium £m	Own shares £m	Retained earnings £m	Total £m
As at 13 January 2023	-	-	-	-	-
Loss for the period	-	-	-	(21.1)	(21.1)
Total comprehensive expense	-	-	-	**(21.1)**	**(21.1)**
Issue of shares	13.9	1,070.2	-	-	1,084.1
Capital reduction	-	(1,070.2)	-	1,070.2	-
Derivative financial asset [1]	-	-	-	29.6	29.6
Purchase of own shares [2]	-	-	(7.4)	-	(7.4)
Equity-settled share-based payments	-	-	-	1.0	1.0
As at 10 August 2023	**13.9**	-	**(7.4)**	**1,079.7**	**1,086.2**

Note 1: The derivative financial asset was received from Melrose Industries PLC, the Company's then ultimate parent (prior to the demerger on 20 April 2023) in its capacity as shareholder. Refer to note 11 for further details.

Note 2: On 31 May 2023 the Company gave a loan to the Group's Employee Benefit Trust (the 'Trust') to enable the Trust to purchase the Company's shares. These shares are to be held in the Trust for the purpose of settling future Long Term Incentive plans.

The notes on pages 9 to 23 form part of these initial accounts.

Dowlais Group plc

Statement of Cash Flows
for the period from 13 January 2023 (date of incorporation) to 10 August 2023

	Notes	For the period from 13 January 2023 (date of incorporation) to 10 August 2023 £m
Cash flow from operations		
Loss for the period		(21.1)
Adjusted for:		
Revaluation gain		(1.0)
Impairment of subsidiary entities		0.2
Share-based payments		0.8
Taxation charge/(credit)		-
Changes in working capital:		
Increase in debtors		(0.1)
Increase in creditors		21.2
Net cash flow from operating activities		-
Net cash flow from investing activities		-
Net cash flow from financing activities		-
Increase in cash and bank overdrafts		-
Cash and bank overdrafts at the beginning of the period		-
Increase in cash and bank overdrafts		-
Cash and bank overdrafts at the end of the period		-

The notes on pages 9 to 23 form part of these initial accounts.

1. General information

Dowlais Group plc (the "Company") is a public company limited by shares and is incorporated and domiciled in the United Kingdom (England) with the registered number: 14591224. The address of the Company's registered office is 2nd Floor Nova North, 11 Bressenden Place, London, United Kingdom, SW1E 5BY.

The Company was incorporated as a public limited company on 13 January 2023 with the name Dowlais Group Headquarters plc. The Company subsequently changed its name to Dowlais Group plc on 3 February 2023.

The principal activity of the Company is to act as the parent holding company for the Dowlais Group group of companies ("Dowlais Group").

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the initial accounts are set out below. The policies have been consistently applied, unless otherwise stated.

Basis of preparation
The Initial Accounts have been prepared in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These initial accounts present information about the Company as an individual company and do not contain consolidated financial information in relation to the Dowlais Group. They do not constitute statutory accounts, as defined by the Companies Act 2006, which will be prepared in respect of the financial year ending 31 December 2023, audited and delivered to the Registrar of Companies in due course.

These initial accounts have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The functional currency of Dowlais Group plc is considered to be pounds Sterling because that is the currency of the primary economic environment in which the Company operates. The initial accounts are presented in pounds Sterling to the nearest £ million (£m).

Going concern
The Company operates as the investment holding company for the Dowlais Group, holding investments in subsidiaries financed by issued share capital. As the Company is an intrinsic part of the groups' structure, the Directors have a reasonable expectation that Group companies will continue to support the Company through trading and cash generated from trading for a period of at least 12 months from the date of approval of these initial accounts (the going concern assessment period).

After considering the net current liability position as at 10 August 2023, as stated in the Statement of Financial Position (refer to page 6), at £28.5 million, the Directors have taken into account that as parent of the Dowlais Group of companies, the Company can call upon the necessary financial support from its subsidiaries and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs.

On the basis of those considerations, the Directors believe that it is appropriate to adopt the going concern basis of accounting in preparing these initial accounts.

Operating income and expenditure
Income and expenditure are recognised in respect of services provided or received when supplied in accordance with contractual terms. An accrual is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Retirement benefits
Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

2. Accounting policies *(continued)*

Interest receivable and interest payable
Interest receivable and similar income includes interest receivable on intercompany loans. Interest payable and similar charges includes interest payable on intercompany loans.

Interest receivable and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method.

Investments in subsidiaries
Investments in subsidiaries are held at cost less any accumulated impairment losses.

Impairment of assets
Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial instruments
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Company considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets and liabilities
All financial assets and liabilities are initially measured at transaction price (including transaction costs). A provision for the impairment of financial assets is established when there is objective evidence that the Company will not be able to collect all accounts due according to the original contractual terms.

Financial assets and liabilities are only offset in the Balance Sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when, and only when, a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives over own equity
The Company holds a derivative asset over its own equity as a result of a contract for its own shares to be returned to it at nil cost under certain circumstances. The derivative asset is held on the Balance Sheet at fair value, with gains and losses arising on its remeasurement recognised immediately in the Income Statement. As the derivative arose from a transaction with a shareholder acting in its capacity as owner, the initial value of the asset was recognised directly in equity at the fair value of the shares expected to be returned.

2. Accounting policies (continued)

Financial instruments (continued)
Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

Share-based payments
The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instrument excluding the effect of non-market based vesting conditions at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured by use of a Monte Carlo pricing model.

Where equity-settled share-based payments are made available to employees of the Company's subsidiaries, these are treated as increases in equity over the vesting period of the award with a corresponding increase in the Company's investment in subsidiaries.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred. Timing differences are differences between the Company's taxable profits and its results as stated in the initial accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the initial accounts.

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

Investment in own shares
The cost of shares held either directly (treasury shares) or indirectly (employee benefit trust shares) is deducted from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is recognised in retained earnings.

Dividends payable
Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

3. Critical accounting judgements and key sources of estimation uncertainty

Other than the matter noted below there were no other critical accounting judgements that would have a significant effect on the amounts recognised in the initial accounts or key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Application of Group reconstruction relief
The Company has applied section 611 of the Companies Act 2006 'Group reconstruction relief'.

On 28 February 2023 the Company issued ordinary shares to Melrose Industries PLC ('Melrose' also referred to as 'the transferor company') in consideration for the entire shareholding of G.K.N. Industries Limited and GKN Powder Metallurgy Holdings Limited.

As permitted under sections 611(4) and 615 of the Companies Act 2006, the issue of ordinary shares and the cost of investments in G.K.N. Industries Limited and GKN Powder Metallurgy Holdings Limited has been measured at the cost of those investments in the transferor company. The value of the consideration for the shares allotted is the amount by which the value of the assets transferred exceeds the value of any liabilities assumed by the Company as part of the consideration for the assets transferred. The value of the G.K.N. Industries Limited and GKN Powder Metallurgy Holdings Limited was £1,084.1 million and this was initially recognised as share capital of £13.9 million and share premium of £1,070.2 million.

4. Operating loss

	2023 £m
Operating loss is stated after charging/(crediting):	
Impairment of investments in subsidiary undertakings	0.2
Share-based payments	0.3

5. Auditor remuneration

	2023 £m
Audit fees – for the audit of the company	-

Fees payable of £28,000 to Deloitte LLP and their associates for the audit of these initial accounts were borne by Dowlais Group Headquarters Limited (formerly Dowlais Group Limited and prior to that Project Beech Group Services Limited), a subsidiary of the Company.

There are no non-audit services provided by Deloitte LLP to the Company.

6. Directors' remuneration

	2023 £m
Short-term employee benefit	2.8
LTIP: crystalising as a consequence of the demerger	16.2
Employer national insurance	2.4
Share-based payments	0.3
Pension contributions	-
	21.7

During the period two Directors received contributions under a defined contribution scheme.

The Company had no other employees in addition to the ten Directors.

7. Revaluation gain

	2023 £m
Revaluation gain on other financial assets	**1.0**

8. Interest payable and similar expenses

	2023 £m
Interest payable to subsidiary undertakings	**0.2**

9. Tax expense

	2023 £m
Total current tax expense	
Current tax on profit for the period	-
Total deferred tax expense	
Deferred tax expense (note 12)	-
Total tax charge/(credit)	**-**

The rate of corporation tax rate in the United Kingdom increased from 19% to 25% with effect from 1 April 2023. The average rate of current tax for the accounting period was therefore 22.7%. Deferred tax that is expected to reverse in future periods has been calculated at 25% being the rate that was substantively enacted as at 10 August 2023.

9. Tax expense (continued)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit for the period are as follows:

	2023 £m
Loss before taxation	(21.1)
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 22.7%	(4.8)
Income not taxable for tax purposes	(0.2)
Tax losses for which no deferred tax asset is recognised	5.0
Total tax charge/(credit)	-

There is an unrecognised deferred tax asset of £5.0 million in respect of tax losses. There is insufficient evidence at the date of signing the accounts of the availability of sufficient taxable profits in the foreseeable future to support the recognition of a deferred tax asset on these losses.

10. Investment in subsidiary undertakings

	£m
Cost	
At 13 January 2023	-
Additions in period	1,084.3
At 10 August 2023	1,084.3
Accumulated impairment	
At 13 January 2023	-
Impairment for the period	0.2
At 10 August 2023	0.2
Net carrying amount	
At 10 August 2023	**1,084.1**
At 13 January 2023	-

On 28 February 2023 the Company issued 1,388,273,527 ordinary shares to Melrose Industries PLC ("Melrose") for the entire shareholding of G.K.N. Industries Limited and GKN Powder Metallurgy Holdings Limited. The total value of the consideration was £1,084.1 million. Refer to note 16 for further details.

The Directors believe that the carrying values of the investments are supported by their underlying net assets or the future cashflows expected to be generated by these businesses, therefore no further impairment is considered to be necessary.

Details of the subsidiary undertakings of the Company as at 10 August 2023 are given in note 19.

11. Other financial assets

	£m
At 13 January 2023	-
Additions – initial addition	29.6
Revaluation	1.0
At 10 August 2023	**30.6**
At 13 January 2023	-

The Company holds a derivative asset over its own equity as a result of a contract for its own shares to be returned to it at nil cost under certain circumstances. The derivative asset is held on the Balance Sheet at fair value, with gains and losses arising on its remeasurement recognised immediately in the Income Statement. As the derivative arose from a transaction with a shareholder acting in its capacity as owner, the initial value of the asset was recognised directly in equity at the fair value of the shares expected to be returned.

12. Deferred tax

Deferred tax assets are recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered. As per note 9, there is an unrecognised deferred tax asset of £5.0 million in respect of tax losses. There is insufficient evidence at the date of signing the accounts of the availability of sufficient taxable profits in the foreseeable future to support the recognition of a deferred tax asset on these losses.

13. Debtors

	10 August 2023 £m
Amounts falling due within one year:	
Prepayments	**0.1**

14. Creditors – amounts falling due within one year

	10 August 2023 £m
Amounts falling due within one year:	
Amounts owed to group undertakings	27.0
Other taxation & social security	0.3
Other creditors and accruals	1.3
	28.6

Interest is charged on certain amounts owed to group undertakings and is calculated using rates derived from SONIA (Sterling Overnight Index Average) 1 month swap rate curves. All amounts owed to group undertakings are unsecured and repayable on demand.

15. Share-based payments

During the period to 10 August 2023, the Company recognised a charge of £0.3 million is respect of the 2023 Performance Share Plan (PSP). The share-based payment arrangements are as follows:

Date of grant	2 May 2023
Number of shares granted	3,119,825
Contractual life	3 years
Vesting condition	Three years' service, achievement of target growth in earnings per share and achievement of a total shareholder return target ranking against comparator group.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options are forfeited if the employee leaves the Company before the options vest.

Fair value of share options and assumptions

The inputs into the Monte Carlo pricing model that were used to fair value the plan at the grant date were as follows:

Weighted average share price	1.33
Weighted average exercise price	nil
Expected volatility	38.65%
Expected life as at inception	3 years
Risk free interest	3.78%
Expected dividend yields	3.2%

Expected volatility was determined by calculating the historic volatility of share prices at Dowlais Group plc peers and taken an average of the peers, due to a short-listing period for the Company.

During the period, the Company received services from Melrose Industries PLC under a Transitional Service Agreement as part of the demerger process. This contract has been settled in shares equivalent to the value of services rendered.

16. Share capital

Authorised	**10 August 2023 Number**	**10 August 2023 £m**
Ordinary shares of 1p each	1,393,273,527	**13.9**

Allotted, called up and fully paid	**10 August 2023 Number**	**10 August 2023 £m**
Ordinary shares of 1p each	1,393,273,527	**13.9**

On 13 January 2023 the Company was incorporated with an initial share capital of one ordinary £1 share issued at par.

On 19 January 2023 the Company issued, for cash consideration, a further 49,999 ordinary £1 shares at par. The consideration was received by G.K.N. Industries Limited.

16. Share capital (continued)

On 28 February 2023 the Company subdivided the 50,000 issued £1 ordinary shares into 5,000,000 ordinary shares of £0.01 (one pence) each.

On 28 February 2023 the Company issued 1,388,273,527 ordinary shares of £0.01 each to Melrose Industries PLC ("Melrose") in consideration for the entire shareholding of G.K.N. Industries Limited and GKN Powder Metallurgy Holdings Limited. This resulted in a total issued share capital of 1,393,273,527 ordinary shares of £0.01 each with a total nominal value of £13,932,735.27.

As permitted under sections 611(4) and 615 of the Companies Act 2006, the issue of ordinary shares and the cost of investments in G.K.N. Industries Limited and GKN Powder Metallurgy Holdings Limited has been measured at the cost of those investments in the transferor company (Melrose). The value of the consideration for the shares allotted is the amount by which the value of the assets transferred exceeds the value of any liabilities assumed by the Company as part of the consideration for the assets transferred. The value of the G.K.N. Industries Limited and GKN Powder Metallurgy Holdings Limited was £1,084.1 million and this was initially recognised as share capital of £13.9 million and share premium of £1,070.2 million.

On 20 April 2023, Melrose made a distribution to its shareholders of the Company's shares with one Dowlais share issued for every Melrose share held. On the same day, the Company's shares were admitted to the premium listing segment of the Official List of the Financial Conduct Authority (FCA) and to trading on the London Stock Exchange's main market for listed securities (as a constituent of the FTSE 250).

On 1 August 2023, the Company undertook a court-approved capital reduction in accordance with section 645 of the Companies Act 2006, through which the Company's share premium of £1,070,179,000 was cancelled in full. The Order of the High Court of Justice, Chancery Division, was registered at Companies House and became effective from 3 August 2023. In accordance with IS 2008 No 1915 The Companies (Reduction of Share Capital) Order 2008 this resulted in a credit to the distributable reserves of the Company of £1,070,179,000.

17. Contingent liabilities

Dowlais Group plc, and certain other group subsidiary companies, has guaranteed loans drawn under the Senior Term and Revolving Facilities Agreement dated 22 February 2023. The total drawn amount as at 10 August 2023 was £1,177.2 million.

18. Related parties

During the period from the date of incorporation on 13 January 2023 to 10 August 2023, the following amounts were charged to or by the Company from/to other Group entities as follows:

Counterparty	**Transaction type**	**Income/(expense) £m**
Dowlais Group Headquarters Limited	Expenses/payroll recharge	(0.6)
Dowlais Group Headquarters Limited	Management fee	0.5
GKN Automotive Limited	Expenses/payroll recharge	(19.5)

Share-based payments

During the period ended 10 August 2023, the Company charged Dowlais Group Headquarters Limited £0.2 million for share-based payment charges for employees of subsidiary undertakings.

Employee Benefit Trust

On 31 May 2023 the Company gave a loan of £7.4 million to the Group's Employee Benefit Trust (the 'Trust') to enable the Trust to purchase the Company's shares. These shares are to be held in the Trust for the purpose of settling future Long Term Incentive plans.

18. Related parties (continued)

Intercompany loans
G.K.N. Industries Limited provides the Company with intercompany loan finance. During the period ended 10 August 2023 G.K.N. Industries Limited provided loans to the Company of £26.9 million and charged interest to the Company of £0.2 million.

Transactions with Melrose Industries PLC ('Melrose')
Transactions with Melrose Industries PLC, the ultimate parent company prior to demerger on 20 April 2023, and other entities controlled by Melrose Industries PLC, are classified as related party transactions. After the demerger on 20 April 2023 Melrose and other entities controlled by Melrose Industries PLC are no longer considered to be related parties.

a) Shares issued to Melrose
On 13 January 2023 the Company was incorporated with an initial share capital of one ordinary £1 share. On 19 January 2023 the Company issued a further 49,999 ordinary £1 shares. Melrose subscribed for both share issues. On 28 February 2023 the Company subdivided the 50,000 issued £1 ordinary shares into 5,000,000 ordinary shares of £0.01 (one pence) each.

b) Subsidiaries undertakings
On 28 February 2023 Melrose transferred 100% of the issued share capital of G.K.N. Industries Limited and GKN Powder Metallurgy Holdings Limited to the Company as part of the demerger process. On that day, the Company issued 1,388,273,527 ordinary shares of £0.01 each to Melrose as consideration for the investments.

As at 10 August 2023 the Company had the following balances outstanding with related party undertakings:

£m	Balance type	Counterparty
0.0	Payable due within one year	Dowlais Group Headquarters Limited
Nil	Payable due within one year	GKN Automotive Limited
27.0	Payable due within one year	G.K.N. Industries Limited

All key management personnel are directors of the Company. The remuneration of key management personnel is included in the Directors' emoluments disclosures in note 6.

Controlling party
It is the view of the Directors that no one party has control over the Company.

19. Subsidiary undertakings

The principal undertakings in which the company's had an interest at the period end is as follows:

	Equity interest %	Class of share held
Brazil		
Rua Joaquim Silveira 557, Parque Sao Sebastiao, 91060-320 Porto Alegre, RS		
GKN do Brasil Limitada	100	Common
Av. da Emancipacao no. 4.500, Bairro Jardim Santa Clara, Hortolandia, Sao Paulo		
GKN Sinter Metals Ltda	100	Common
Canada		
Citco (Canada) Inc, 2 Bloor Street East, Suite 2700, Toronto ON M4W 1A8		
GKN Sinter Metals - St Thomas Ltd	100	Common
China		
950 KangQiao Road, Pudong New Area, Shanghai		
Shanghai GKN HUAYU Driveline Systems Company Limited	50	Registered investment
Zijin Kechuang Center 4 Level, 416 Room, Economy Development Zone, Lishui, Nanjing		
Nanjing FAYN Piston Ring Company Limited	19.79	Registered investment
No. 8, Kangmin Rd, Yizheng		
GKN Sinter Metals Yizheng Co Ltd	100	Registered investment
18 North Shitan Road, North Industrial Park, Development Zone, Danyang, Jiangsu		
GKN Danyang Industries Company Limited	100	Registered investment
Xiguo Industrial Zone, Mengzhou City, Henan Province, 454750		
GKN Zhongyuan Cylinder Liner Company Limited	59	Registered investment
No. 1 Cuigu, Northern New Zone, Chongqing, 401122		
GKN HUAYU Driveline Systems (Chongqing) Co. Ltd	34.5[(1)]	Ordinary
898 Kangshen Road, Pudong, Shanghai		
Shanghai GKN Driveline Sales Co Ltd	49	Ordinary
Wuping East Road, Shengfang Town, Bazhou City, Hebei Province, 065701		
GKN (Bazhou) Metal Powder Company Limited	40	Registered investment
Unit A, 6/F, Building A1#, No. 2555 Xiupu Road, Pudong New Area, Shanghai, 201315		
GKN China Holding Co Ltd	100	Registered investment
Factory No. 1, No. 2188 Zhongxi Road, Pinghu, Jiaxing, Zhejiang Province		
GKN HUAYU Driveline Systems (Pinghu) Co., Ltd.	50[(2)]	Registered investment
Colombia		
Calle 32 No. 15 – 23 Barrio Rincon de Girón, Girón Santander		
Transejes Transmisiones Homocineticas de Colombia SA	49	Ordinary
France		
5-7 rue Charles-Edouard Jeanneret, 78300, Poissy		
GKN Driveline SA	100	Ordinary
GKN Freight Services EURL	100	Ordinary
GKN Automotive SAS	100	Ordinary
GKN Automotive Management SAS	100	Ordinary
7 rue de la Briqueterie, 02240 Ribemont		
GKN Driveline Ribemont SARL	100	Ordinary

19. Subsidiary undertakings (continued)

	Equity interest %	Class of share held
Germany		
Am Fliegerhorst 9, 99947 Bad Langensalza		
GKN Sinter Metals GmbH, Bad Langensalza	100	Ordinary
Carl-Legien-Strasse 10, 63073 Offenbach am Main		
GKN Driveline Deutschland GmbH	100	Ordinary
GKN Automotive Management GmbH	100	Ordinary
Dahlienstrasse 43, 42477 Radevormwald		
GKN Sinter Metals Filters GmbH Radevormwald	100	Ordinary
Hafenstrasse 41, 54293 Trier		
GKN Driveline Trier GmbH	100	Ordinary
Hauptstrasse 130, 53797 Lohmar		
GKN Driveline International GmbH	100	Ordinary
Industriestr. 1, 97769 Bad Brückenau		
GKN Sinter Metals & Forge Operations GmbH	100	Ordinary
Nussbaumweg 19-21, 51503 Roesrath		
GKN Driveline Service GmbH	100	Ordinary
Pennefeldsweg 11 - 15, 53177 Bonn		
GKN Powder Metallurgy Holding GmbH	100	Ordinary
GKN Hydrogen GmbH	100	Ordinary
GKN Sinter Metals Components GmbH	100	Ordinary
GKN Powder Metallurgy Engineering GmbH	100	Ordinary
Hungary		
Kalvin ter 12-13. 4. em., Budapest, 1085, Hungary		
GKN Automotive Hungary Korlátolt Felelősségű Társaság	100	Ordinary
India		
146 Mumbai Pune Road, Pimpri, Pune 411 018		
GKN Sinter Metals Private Limited	100	Ordinary
270, Sector-24, Faridabad 121 005, (Haryana)		
GKN Driveline (India) Limited	97.03	Ordinary
Ground Floor, East Wing, Salarpuria Supreme S.No.92/5, Munnekolalu Village, Varthur Hobli, Bangalore, Bangalore, KA 560037		
GKN Automotive Bengaluru Private Limited (India)	100	Ordinary
Italy		
Via dei Campi della Rienza 8, 39031 Brunico, BZ		
GKN Driveline Brunico SpA	100	Ordinary
Falzes (BZ), Bachla 6 Cap, 39030, Milan		
GKN Hydrogen SRL	100	Ordinary
GKN Hydrogen Italy Srl	100	Ordinary
Via Delle Fabbriche 5, 39031 Brunico, BZ		
GKN Sinter Metals SpA	100	Ordinary
Japan		
Senri Life Science Center, Bldg.12F, 1-4-2 ShinSenri Higashi-machi, Toyonaka-city, Osaka		
GKN Powder Metallurgy Japan KK	100	Ordinary
2388 Ohmiya-cho, Tochigi City, Tochigi, 328-8502		
GKN Driveline Tochigi Holdings KK	100	Ordinary
GKN Driveline Japan Ltd	100	Ordinary
Malaysia		
43-2, Plaza Damansara, Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan		
GKN Driveline Malaysia Sdn Bhd	68.42	Ordinary

19. Subsidiary undertakings (continued)

	Equity interest %	Class of share held
Mexico		
Carretera Panamericana km 284, Celaya, Guanajuato, C.P. 38110		
GKN Driveline Celaya SA de CV	100	Ordinary
GKN Driveline Mexico Trading SA de CV	100	Ordinary
Av. DR. Jesus Valdes Sanchez 104, San Jose Agua Azul, Apaseo El Grande, Guanajuato		
GKN Sinter Metals Mexico S. De. R. L. De. C. V.	100	Membership interest
GKN Sinter Metals Mexico Services S. De R. L. De. C. V.	100	Membership interest
Netherlands		
2nd Floor Nova North, 11 Bressenden Place, London, SW1E 5BY, United Kingdom		
GKN UK Holdings BV	100	Ordinary
Poland		
Ul. B. Krzywoustego 31 G, 56-400 Oleśnica		
GKN Driveline Polska Sp z o o	100	Ordinary
Portugal		
Avenida Marechal Gomes da Costa, nº 1131, Aldoar, Foz do Douro e Nevogilde, 4150 360 Porto		
GKN Automotive Portugal, Limitada	100	Quota
Romania		
33 Urziceni Street, Buzau, 120226		
Hoeganaes Corporation Europe SA	100	Ordinary
Str. Urziceni no. 33, Alexandru Ioan Cuza Hall, Buzau, Buzau County		
GKN Specialty Products Europe S.R.L.	100	Ordinary
Slovenia		
Rudniska cesta 20, Zrece 3214		
GKN Driveline Slovenija d o o	100	Ordinary
Spain		
Avenida de Citroen s/n, 36210 Vigo		
GKN Driveline Vigo, SA	100	Ordinary
Sagarbidea 2, 20750 Zumaia		
GKN Driveline Zumaia, SA	100	Ordinary
Pol. Ind. Can Salvatella, Avenida Arrahona 54-56, 08210 Barbera del Valles, Barcelona		
GKN Ayra Servicio, SA	100	Ordinary
Sweden		
SE - 731 29, Köping		
GKN Driveline Köping AB	100	Ordinary
Taiwan		
14 Kwang Fu Road, Hsin-Chu Industrial Park, Hukou, Hsin Chu 30351		
Taiway Limited	36.25	Common Stock
Thailand		
Eastern Seaboard Industrial Estate, 64/9 Moo 4, Tambon Pluakdaeng, Amphur Pluakdaeng, Rayong 21140		
GKN Driveline (Thailand) Limited	100	Ordinary
Turkey		
Organize Sanayi Bolgesi 20, Cadde No: 17, 26110, Eskisehir		
GKN Eskisehir Automotive Products Manufacture and Sales A.S.	100	Ordinary
Yakuplu Mah. Haramidere Sanayi Sitesi, J Blok, No. 106-107-108, Beylikdüzü, İstanbul		
GKN Sinter Istanbul Metal Sanayi Ve Ticaret Anonim Şirketi	100	Ordinary

19. Subsidiary undertakings (continued)

	Equity interest %	Class of share held
United Kingdom		
2100 The Crescent, Birmingham Business Park, Birmingham, West Midlands, B37 7YE		
GKN Hybrid Power Limited	100	Ordinary
GKN Freight Services Limited	100	Ordinary and cumulative preference
GKN Driveline UK Limited	100	Ordinary
2nd Floor Nova North, 11 Bressenden Place, London, SW1E 5BY		
GKN EVO eDrive Systems Limited	100	Ordinary
Dowlais Group Headquarters Limited *	100	Ordinary
GKN UK Investments Limited	100	Ordinary
GKN USD Investments Limited	100	Ordinary
GKN Ventures Limited	100	Ordinary
GKN Sinter Metals Limited	100	Ordinary
GKN Euro Investments Limited	100	Ordinary
GKN Firth Cleveland Limited	100	Ordinary
GKN Group Pension Trustee (No.2) Limited	100	Ordinary
G.K.N. Group Services Limited	100	Ordinary and redeemable preference
GKN Overseas Holdings Limited	100	Ordinary
GKN Group Pension Trustee Limited	100	Ordinary
G.K.N. Powder Met. Limited	100	Ordinary
GKN U.S. Investments Limited	100	Ordinary
GKN Service UK Limited	100	Ordinary
GKN Sheepbridge Limited	100	Ordinary
GKN Sheepbridge Stokes Limited	100	Ordinary
G.K.N. Industries Limited *	100	Ordinary
G.K.N. International Trading (Holdings) Limited	100	Ordinary
GKN Marks Limited	100	Ordinary
GKN Hydrogen Limited	100	Ordinary
Dowlais Industries Limited	100	Ordinary
GKN Driveline Birmingham Limited	100	Ordinary
GKN Automotive Limited	100	Ordinary and Preference
GKN Birfield Extrusions Limited	100	Ordinary
GKN Countertrade Limited	100	Ordinary
GKN Automotive Holdings Limited	100	Ordinary
Ball Components Limited	100	Ordinary
Dowlais Automotive Limited	100	Ordinary
GKN 2 Trustee 2018 Limited	100	Ordinary
GKN 3 Trustee 2018 Limited	100	Ordinary
c/o Brodies LLP, 15 Atholl Crescent, Edinburgh, EH3 8HA		
GKN Investments III LP	100	Membership interest
c/o Brodies LLP, Capital Square, 58 Morrison Street, Edinburgh, EH3 8BP		
GKN Investments III GP Limited	100	Ordinary
Rhodium Building, Central Boulevard,, Blythe Valley Park, Solihull, B90 8AS		
GKN Powder Metallurgy Holdings Limited *	100	Ordinary
Unit 1, Cobnar Wood Close Chesterfield Trading Estate, Chesterfield, Derbyshire, S41 9RQ		
GKN Cylinder Liners UK Limited	100	Ordinary
Unit 5, Kingsbury Business Park, Kingsbury Road, Minworth, Sutton Coldfield, B76 9DL		
GKN Driveline Service Limited	100	Ordinary

19. Subsidiary undertakings (continued)

	Equity interest %	Class of share held
United States		
2710 Gateway Oaks Drive, Suite 150 N, Sacramento, CA, 95833		
Product Slingshot, Inc. (dba Forecast 3D)	100	Common stock
2711 Centerville Road, Suite 400, Wimington, Delaware, 19808		
XIK, LLC	100	Membership interest
GKN Driveline Newton LLC	100	Membership interest
251 Little Falls Drive, Wilmington, Delaware, 19808		
GKN America Corp	100	Common stock
GKN North America Investments Inc	100	Ordinary
GKN North America Services, Inc	100	Common stock
GKN Freight Services, Inc	100	Common stock
GKN Driveline North America, Inc.	100	Common stock
Hoeganaes Corporation	100	Common stock
GKN Hydrogen Corp.	100	Common stock
GKN Powder Metallurgy Holdings, Inc.	100	Common stock
GKN Specialty Products,Americas Corp.	100	Common stock
GKN Sinter Metals, LLC	100	Membership interest
50 West Broad Street, Suite 1330, Columbus OH 43215		
GKN Driveline Bowling Green, Inc	100	Common stock
9 E. Loockerman Street, Suite 311, Dover DE 19901		
GKN Cylinder Liners, LLC	100	Membership interest

Notes:
* Investment held directly by the Company. All other investments are indirectly held.
(1) The Group owns 9% directly with a total effective ownership of 34.5% in the company.
(2) The Group indirectly has a total effective ownership of 50% in the company.