

Annual Report and Financial Statements

TRW UK Limited

For the Year Ended 31 December 2011

WEDNESDAY



A35 *A1CFR012* 04/07/2012 #90
COMPANIES HOUSE

Officers and professional advisors

Company registration number 237206

Directors PM Almond
A Bassett
MG Degen
MC Furber
R Lechner
PR Rapin

Secretary J Pegg

Auditor Ernst & Young LLP
No 1 Colmore Square
Birmingham
B4 6HQ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2011

Principal activities and business review

The company is a subsidiary intermediate holding company within the TRW Automotive Holdings Corp group of companies (the 'TRW group'), and will continue in this capacity for the foreseeable future

The directors have carried out an impairment review in accordance with FRS 11. The impairment review was carried out by comparing investment asset book values with the discounted value of forecast future cash flows for the subsidiary undertaking TRW Systems Limited. The forecast future cash flows were arrived at using standard TRW group vehicle build assumptions. The cash flows were discounted at a rate appropriate to the business. Accordingly no impairment was recorded in the year (2010 impairment - £14,480,000)

Results and dividends

The loss for the year amounted to £759 (2010 loss - £14,477,136). No dividends were paid or declared in the year (2010 - £ nil)

Directors

The directors who served the company during the year and up to the date of approval of these financial statements were as follows

PM Almond
A Bassett
MG Degen
MC Furber
R Lechner
PR Rapin

Directors' interests

None of the directors had any declarable interests in shares of any group companies in the United Kingdom at 31 December 2011

Directors' indemnities

During the year an indemnity from the company was available to the directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association

Report of the directors (continued)

Directors' statement as to disclosure of information to auditors

Each of the directors who were members of the board at the time of approving this directors' report confirm that

- to the best of their knowledge and belief, there is no relevant audit information to the preparation of their report of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future

As of 31 December 2011, TRW UK Limited had net current liabilities of £42,113,000 (consisting of a long-term intercompany balance with TRW Systems Limited a subsidiary undertaking), and net assets of £148,027,000

The business is an intermediate holding company whose only transactions are low value administrative expenses

The directors of TRW Systems Limited have confirmed that there is no intention to call for settlement of the intercompany indebtedness for at least twelve months from the date of signature of the accounts

A letter of support has also been received from TRW Deutschland GmbH covering the twelve month period up to 30 June 2013, and the directors have made enquiries to satisfy themselves that it is in a position to provide such support

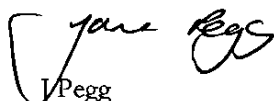
The company participates in the centralised Treasury arrangements of the TRW group and therefore shares banking arrangements with its parent and fellow subsidiaries. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the TRW group to continue as a going concern, or its ability to continue with current banking arrangements

The company has also obtained confirmation from TRW Automotive Holdings Corp that the fixed and floating charges on its assets will not be called upon during the next twelve months

Disclosure of requirement to appoint auditors

The auditors Ernst & Young, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006

BY ORDER OF THE BOARD



J Pegg
Company Secretary
7 June 2012

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

Report of the independent auditor to the members of TRW UK Limited

We have audited the financial statements of TRW UK Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the TRW UK Limited annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Report of the independent auditor to the members of TRW UK Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Helen Hemming
(senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Birmingham
12 June 2012

Profit and loss account

	Note	2011 £000	2010 £000
Other income		—	8
Operating charges	2	(1)	(5)
Operating (loss)/profit		(1)	3
Impairment of fixed asset investment	6		(14,480)
Release of fixed asset investment provisions	6	—	—
Loss on ordinary activities before taxation		(1)	(14,477)
Tax on loss on ordinary activities	3	—	—
Loss for the financial year	10	(1)	(14,477)

All of the activities of the company are classed as continuing

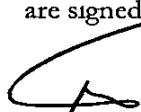
The company has no recognised gains or losses other than the results for the year as set out above

The accompanying notes form part of these financial statements.

Balance sheet

	Note	2011 £000	2010 £000
Fixed assets			
Investments	6	<u>193,140</u>	<u>193,140</u>
Current liabilities			
Creditors amounts falling due within one year	7	<u>(42,113)</u>	<u>(42,112)</u>
Net current liabilities		<u>(42,113)</u>	<u>(42,112)</u>
Total assets less current liabilities		151,027	151,028
Creditors amounts falling due after more than one year	8	<u>(3,000)</u>	<u>(3,000)</u>
Net assets		<u>148,027</u>	<u>148,028</u>
Capital and reserves			
Called-up share capital	9	89,699	89,699
Share premium account	10	610	610
Other reserves	10	163	163
Profit and loss account	10	57,555	57,556
Equity shareholders' funds	10	<u>148,027</u>	<u>148,028</u>

These financial statements were approved by the directors and authorised for issue on 7 June 2012, and are signed on their behalf by



A Bassett
Director

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

Consolidated accounts have not been prepared because the company has taken advantage of section 401 of the Companies Act 2006 which exempts the company from the obligation to prepare and deliver group accounts as it is included in the consolidated accounts of TRW Automotive Holdings Corp, a company registered in the USA. These accounts present information about the company as an individual entity and not about its group

Going concern

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As of 31 December 2011, TRW UK Limited had net current liabilities of £42,113,000 (consisting of a long-term intercompany balance with TRW Systems Limited a subsidiary undertaking), and net assets of £148,027,000

The business is an intermediate holding company whose only transactions are low value administrative expenses

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A letter of support has also been received from TRW Deutschland Holdings GmbH covering the twelve month period up to 30 June 2013, and the directors have made enquiries to satisfy themselves that it is in a position to provide such support

The company participates in the centralised Treasury arrangements of the TRW group and therefore shares banking arrangements with its parent and fellow subsidiaries. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of TRW group to continue as a going concern, or its ability to continue with current banking arrangements

The company has also obtained confirmation from TRW Automotive Holdings Corp that the fixed and floating charges on its assets will not be called upon during the next twelve months

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking TRW Automotive Holdings Corp, includes the company in its own published consolidated financial statements

1 Accounting policies (continued)

Related parties transactions

As the company is a wholly owned subsidiary of TRW Automotive Holdings Corp, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with other subsidiary undertakings that form part of the TRW group, or associated undertakings of the TRW group

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Fixed asset investments

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability, then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

2 Other operating charges

	2011 £000	2010 £000
Administrative expenses	<u>1</u>	<u>5</u>

3 Taxation on profit on ordinary activities

There is no tax charge arising on ordinary activities during the year (2010 - £ nil)

Factors affecting current tax charge

	2011 £000	2010 £000
(Loss)/profit on ordinary activities before taxation	<u>(1)</u>	<u>(14,477)</u>
Normal tax charge at United Kingdom corporation tax rate – 26.5% (2010 - 28%)	–	(4,054)
Permanent differences and expenses not recognised for tax purposes	–	4,055
Brought forward loss utilised in the current year	–	(1)
	<u>–</u>	<u>–</u>

There are unrecognised deferred tax assets relating to surplus advance corporation tax of £0.5 million (2010 - £0.5 million) as well as gross tax losses of £1.7 million (2010 - £1.7 million) due to the lack of foreseeable taxable profits

4 Dividends

There were no dividends declared or paid during the year (2010 - £ nil)

5 Information regarding directors, employees and auditors

Directors' emoluments are borne by other entities in the group. The directors do not spend a significant portion of time in respect of TRW UK Limited and therefore the proportion of the charge that relates to TRW UK Limited is not considered to be significant.

The company had no employees during the year (2010 - nil)

The auditors' remuneration for 2011 was borne by another group undertaking (2010 - £ nil)

6 Investments

	£000
Cost	
At 1 January 2011 and 31 December 2011	<u>207,620</u>
Amounts written off	
At 1 January and 31 December 2011	<u>14,480</u>
Net book value	
At 31 December 2011	<u>193,140</u>
At 31 December 2010	<u>193,140</u>

The directors have carried out an impairment review in accordance with FRS 11. The impairment review was carried out by comparing investment asset book values with the discounted value of forecast future cash flows for the subsidiary undertaking TRW Systems Limited. The forecast future cash flows were arrived at using standard TRW group vehicle build assumptions. The cash flows were discounted at a rate appropriate to the business.

Accordingly no impairment was recorded in the year (2010 impairment - £14,480,000)

Subsidiary undertakings

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

Name of company	Country of incorporation	Holding proportion of voting rights and shares held	Nature of business
TRW Steering Systems Limited	England and Wales	Ordinary shares 100%	Dormant
TRW Systems Limited	England and Wales	Ordinary shares 99.99%	Automotive supplies

7 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to group undertakings	42,113	42,112
	<u>42,113</u>	<u>42,112</u>

8 Creditors: amounts falling due after more than one year

	2011 £000	2010 £000
Debt instrument element on preference shares (see note 10)	<u>3,000</u>	<u>3,000</u>

9 Share capital

Authorised share capital	2011 £000	2010 £000
82,500,000 ordinary shares of £1 each	82,500	82,500
150,000 preference shares of £100 each	<u>15,000</u>	<u>15,000</u>
	<u>97,500</u>	<u>97,500</u>
Allotted, called up and fully paid	2011 £000	2010 £000
81,699,300 ordinary shares of £1 each	81,699	81,699
110,000 preference shares of £100 each	<u>11,000</u>	<u>11,000</u>
	<u>92,699</u>	<u>92,699</u>
Amounts presented in equity	2011 £000	2010 £000
Ordinary shares of £1 each	81,699	81,699
Preference shares of £100 each	<u>8,000</u>	<u>8,000</u>
	<u>89,699</u>	<u>89,699</u>
Amounts presented in liabilities		
Preference shares of £100 each	<u>3,000</u>	<u>3,000</u>

The 3% non-cumulative redeemable preference shares of £100 00 each can be redeemed after 31 December 1992 at a redemption price reducing annually from £100 30 to par. In accordance with Financial Reporting Standards 25 the liability element of £3,000,000, reflecting the dividends payable in perpetuity has been included in liabilities. The remaining equity element of £8,000,000 remains within share capital. The company's immediate parent undertaking Lucas Industries Limited has waived its right to receive the dividend on the preference shares for the current year.

The preference shares are entitled to one vote per share, and on the winding-up or other return of capital, they carry a right to receive in priority to the ordinary shareholders a capital sum equal to the redemption price in effect on the distribution date and the fixed dividend down to the date of repayment.

10 Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Share premium account £000	Preference share account £000	Other reserves £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2010	81,699	610	8,000	163	72,033	162,505
Loss for the year	—	—	—	—	(14,477)	(14,477)
At 1 January 2011	81,699	610	8,000	163	57,556	148,028
Loss for the year	—	—	—	—	(1)	(1)
At 31 December 2011	<u>81,699</u>	<u>610</u>	<u>8,000</u>	<u>163</u>	<u>57,555</u>	<u>148,027</u>

11 Financial commitments

Certain group creditors have fixed and floating charges on all the company's assets present and future and on the uncalled share capital, other than the company's trade receivables. These charges are secured under a credit agreement, where JP Morgan Chase Bank acts as the creditors' collateral agent and trustee.

12 Ultimate parent company

The company's immediate parent undertaking is Lucas Industries Limited, a company registered in England and Wales.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is TRW Automotive Holdings Corp, incorporated in Delaware in the USA. This is the largest and smallest group in which the results of the company are consolidated and copies of the consolidated accounts of TRW Automotive Holdings Corp are available to the public and may be obtained from the Secretary at 12001 Tech Center Drive, Livonia, Michigan 48150, USA.