

Annual Report and Financial Statements

TRW UK Limited

For the Year Ended 31 December 2015

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COMPANIES HOUSE

Officers and professional advisors

Company registration number

237206

Directors

SM Batterbee
F Chittka
MC Furber
MD Gwozdz
MW Jankowski
DE Shattock
MJ Way

Secretary

J Pegg

Registered Office

Stratford Road
Solihull
West Midlands
England
B90 4AX

Auditor

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

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The directors present the Strategic Report, Director's Report, and financial statements for the year ended 31 December 2015.

Strategic report

The company operates as a part of the ZF Friedrichshafen AG (ZF) group of companies, the ZF group. ZF Friedrichshafen AG ranks among the world's largest and most diversified suppliers of automotive systems, modules and components to global automotive original equipment manufacturers (OEMs) and related aftermarket. The operations of the ZF group primarily encompass the design, manufacture and sale of active and passive safety related products. The ZF group of companies are primarily Tier 1 suppliers, with a very large proportion of its end-customer sales made to major OEMs.

The company is an intermediate holding company within the ZF Friedrichshafen AG group of companies, the ZF group, and will continue in this capacity for the foreseeable future.

On 15 May 2015 the merger of TRW Automotive Holdings Corp. and a subsidiary of ZF Friedrichshafen AG was completed, in the directors' opinion the company's ultimate undertaking and controlling party is now ZF Friedrichshafen AG, a company registered in the Federal Republic of Germany.

Principal risks and uncertainties

The principal risk for the company are the uncertainties associated with the results of its direct and indirect subsidiary undertakings. These vary, but as with any trading business are principally affected by the prevailing automotive climate.

For the company adverse economic conditions can materially affect the carrying value of the company's investment in its subsidiary undertaking. In the directors' opinion no impairment was considered necessary in the financial year just ended, the investment in the subsidiary undertaking TRW systems Limited is currently stated at £135.2 million. This investment value is considered the key performance indicator of the company.

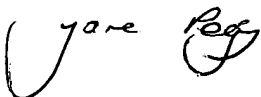
Strategic report (continued)

The Automotive Industry Climate:

The global economy continued to develop positively in 2015, despite a low global growth rate of 3.1% coupled with low energy and raw material prices. The global economy has not seen such low growth levels since the 2009 economic slump. The United Kingdom posted growth of 2.5% in 2015 whilst the Eurozone area reported a 1.5% increase in economic activity last year. The indicators of growth ticked up in the fourth quarter in particular boosted by strong private consumption in the sector.

The production of cars and light commercial vehicles worldwide rose marginally by 1% last year, with Western Europe (without Germany) up 6%, Germany up 3%, whilst South America, Russia, and Japan came under fierce pressure. Overall positive momentum in one market is being offset by negative developments in other markets, and predictions for the year ahead are in the main suggesting downward pressures on growth rates in all areas of the global economy.

BY ORDER OF THE BOARD



J Pegg
Company Secretary
4 August 2016

Report of the directors

Business review and results

The directors have carried out an impairment review of the fixed assets investments in accordance with IAS 36. The impairment review was carried out by comparing investment asset books values with the discount value of forecast future cash flows for all its trading subsidiary undertakings. The forecast future cash flows were arrived at using standard ZF TRW group vehicle build assumptions, with appropriate sensitivities. The cash flows were discounted at a rate appropriate to the business.

No impairments were considered necessary following the review (2014 - £nil).

The result for the year amounted to £nil (2014 loss - £121). No dividends were paid or declared in the year (2014 - £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:

SM Batterbee	(appointed 1 January 2015)
F Chittka	(appointed 14 May 2015)
MC Furber	
MD Gowzdz	(appointed 1 January 2015)
MW Jankowski	(appointed 30 September 2015)
R Lechner	(resigned 30 June 2015)
PR Rapin	(resigned 30 September 2015)
DE Shattock	(appointed 14 May 2015)
MJ Way	

Directors' interests

None of the directors had any declarable interests in shares of any group companies in the United Kingdom at 31 December 2015.

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 2006 and is set out in the Articles of Association.

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.

Report of the directors (continued)

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 2015, TRW UK Limited had net current liabilities of £42.1 million (consisting of an intercompany balance with TRW Systems Limited a subsidiary undertaking), and net assets of £90.2 million. The business is an intermediate holding company whose normal 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.

The company participates in the centralised Treasury arrangements of the ZF 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 ZF TRW group to continue as a going concern, or its ability to continue with current banking arrangements.

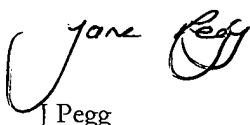
Future Events

The company intends to continue as an investment holding company for the foreseeable future.

Disclosure of requirement to appoint auditors

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

BY ORDER OF THE BOARD



J Pegg
Company Secretary
4 August 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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;

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 2015 which comprise the Income Statement, Statement of Changes in Equity, the Balance Sheet, and the related notes 1 to 11. 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Statement of Directors' Responsibilities set out on page 8, 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 Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including Financial Reporting Standard 101 'Reduced Disclosure Framework'
- 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 Strategic Report and 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.



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

22 August 2016

Income statement

	Note	2015 £000	2014 £000
Operating charges	4	—	—
Operating result/loss		—	—
Impairment of fixed asset investment		—	—
Result/loss on ordinary activities before taxation		—	—
Tax on result/loss on ordinary activities	5	—	—
Result/loss for the financial year		—	—

All of the activities of the company are classed as continuing.

The company has not presented a statement of comprehensive income as it has no other gains or losses other than the profit and loss results for the years as set out above.

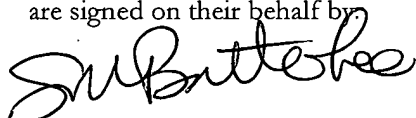
Statement of changes in equity

	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 2014	81,699	610	8,000	163	(266)	90,206
Loss for the year	—	—	—	—	(1)	(1)
At 31 December 2014 and 1 January 2015	81,699	610	8,000	163	(267)	90,205
Result for the year	—	—	—	—	—	—
At 31 December 2015	81,699	610	8,000	163	(267)	90,205

Balance sheet

	Note	2015 £000	2014 £000
Fixed assets			
Investments	6	<u>135,320</u>	<u>135,320</u>
Current liabilities			
Creditors: amounts falling due within one year	7	<u>(42,115)</u>	<u>(42,115)</u>
Net current liabilities		<u>(42,115)</u>	<u>(42,115)</u>
Total assets less current liabilities		<u>93,205</u>	<u>93,205</u>
Creditors: amounts falling due after more than one year	8	<u>(3,000)</u>	<u>(3,000)</u>
Net assets		<u><u>90,205</u></u>	<u><u>90,205</u></u>
Capital and reserves			
Called-up share capital	9	89,699	89,699
Share premium account		610	610
Other reserves		163	163
Profit and loss account – (deficit)		(267)	(267)
Equity shareholders' funds		<u><u>90,205</u></u>	<u><u>90,205</u></u>

These financial statements were approved by the directors and authorised for issue on 4 August 2016, and are signed on their behalf by:



S Batterbee
Director

Notes to the financial statements

1 Authorisation of financial statements and statement of Compliance with FRS101

The financial statements of TRWUK Limited for the year ended 31 December 2015 were authorised for issue by the board of directors on 4 August 2016 and signed by SM Batterbee, and the balance sheet was signed on the board's behalf by SM Batterbee. TRW UK Limited is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and in accordance with applicable accounting standards.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

Consolidated accounts have not been prepared because the company has taken advantage of section 400 of the Companies Act 2006 which exempts the company from the obligation to prepare and deliver group financial statements as it is included in the consolidated accounts of ZF Friedrichshafen AG, a company registered in Germany. These accounts present information about the company and not about its group. The consolidated financial statements of ZF Friedrichshafen AG may be obtained from ZF Friedrichshafen AG, 88038 Friedrichshafen, Germany.

The principal accounting policies adopted by the company are set out in note 2.

2 Accounting policies

Accounting convention

The company has adopted FRS 101 for the period beginning on or after 1 January 2015 with comparatives required for 1 January 2014 onwards. The company has transitioned from previously extant UK GAAP to FRS 101 for all the periods presented. No transition reconciliations have been disclosed as there have been no transitional adjustments in this period.

The company has taken advantage of the following disclosure exemptions available under FRS 101:

- (a) the requirements of IAS 7 Statement of Cash Flows;
- (b) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (c) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by such a member.
- (d) The requirements of IAS 8 disclosures in respect of new standards and interpretations that have been issued but are not yet effective; and
- (e) Roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16) and intangible assets (IAS 38).

2 Accounting policies (continued)

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 2015, TRW UK Limited had net current liabilities of £42.1 million (consisting of an intercompany balance with TRW Systems Limited a subsidiary undertaking), and net assets of £90.2 million. The business is an intermediate holding company whose normal transactions are low value administrative expenses.

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The company participates in the centralised Treasury arrangements of the ZF 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 ZF TRW group to continue as a going concern, or its ability to continue with current banking arrangements.

Fixed asset investments

Investments in subsidiary undertakings are held at historical cost, less any applicable provision for impairment.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

2 Accounting policies (continued)

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.

3 Information regarding directors, employees and auditors

Directors emoluments are borne by other undertakings in the group. In any given year the directors do not spend a significant portion of their time on the company, and therefore the proportion of their costs that relates to the company in any given year is not considered to be significant.

The company had no employees during the year (2014 - nil).

The auditors' remuneration for 2015 was borne by another group undertaking (2014 - £nil).

4 Other operating charges

	2015 £000	2014 £000
Administrative expenses	—	—

The company incurred no expense in 2015 (2014 – administration charge £121).

5 Taxation on loss on ordinary activities

	2015 £000	2014 £000
Current tax		
United Kingdom corporation tax based on the results for the year	—	—
Foreign withholding taxes	—	—
Total tax charge on loss on continuing operations for the year	<u>—</u>	<u>—</u>

Factors affecting total tax charge

	2015 £000	2014 £000
Result on continuing operations before taxation	<u>—</u>	<u>—</u>
Tax calculated at United Kingdom standard rate of corporation tax 20.25% (2014 –21.5%)	—	—
Permanent differences and expenses not recognised for tax purposes	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

There are unrecognised deferred tax assets relating to surplus advance corporation tax of £0.5 million (2014 - £0.5 million) as well as gross tax losses of £1.7 million (2014 - £1.7 million) which remain unrecognised due to the lack of foreseeable taxable profits.

Factors that may affect future tax charges

The changes to the main rate of corporation tax for UK companies announced in the Summer Finance Bill 2015 were substantively enacted for financial reporting purposes on 26 October 2015. The main changes in corporation tax rates, that will have accounting implications for deferred tax, are as follows:

- The main rate of corporation tax reduced from 20% to 19% from 1 April 2017.
- The main rate of corporation tax will further reduce to 18% from 1 April 2020.

The company considers that the temporary differences in deferred tax will for the most part reverse after 1 April 2020 and therefore the deferred tax assets and liabilities have been measured at 18%.

An announcement to reduce the main rate of corporation tax to 17% has been announced but not yet substantively enacted and accordingly has not been applied at the balance sheet date.

6 Investments

	£000
Shares in subsidiary undertakings at cost	
At 1 January and 31 December 2015	<u>135,320</u>
Net book value	
At 31 December 2015	<u>135,320</u>
At 31 December 2014	<u>135,320</u>

The directors have carried out an impairment review in accordance with IAS 36. 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 ZF TRW group vehicle build assumptions. The cash flows were discounted at a rate appropriate to the business.

No impairments were considered necessary following the review (2014: £ nil).

Subsidiary undertakings

All undertakings are wholly owned, and the company's interests are in ordinary shares or their equivalent. The places of incorporation, the countries of operation, and the nature of the business are shown below.

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 100%	Automotive component supplier

7 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Amounts owed to group undertakings	42,115	42,115
	<u>42,115</u>	<u>42,115</u>

Amounts owed to group undertakings are non interest bearing and are repayable on demand.

8 Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Debt instrument element on preference shares (see note 9)	<u>3,000</u>	<u>3,000</u>

9 Share capital

Authorised share capital:

	2015 £000	2014 £000
82,500,000 ordinary shares of £1 each	82,500	82,500
150,000 preference shares of £100 each	15,000	15,000
	<u>97,500</u>	<u>97,500</u>

Allotted, called up and fully paid:

	2015 £000	2014 £000
81,699,300 ordinary shares of £1 each	81,699	81,699
110,000 preference shares of £100 each	11,000	11,000
	<u>92,699</u>	<u>92,699</u>

Amounts presented in equity:

	2013 £000	2012 £000
Ordinary shares of £1 each	81,699	81,699
Preference shares of £100 each	8,000	8,000
	<u>89,699</u>	<u>89,699</u>

Amounts presented in liabilities:

	2013 £000	2012 £000
Preference shares of £100 each	<u>3,000</u>	<u>3,000</u>

9 Share capital (continued)

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 IAS 32 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. 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 Ultimate parent company

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

At 31 December 2015 the company's ultimate undertaking and controlling party is ZF Friedrichshafen AG, a company registered in the Federal Republic of Germany. This is the smallest and largest group in which the results of the company are consolidated and copies of the consolidated accounts of the company may be obtained from ZF Friedrichshafen AG, 88038 Friedrichshafen, Germany.

11 Transition to FRS 101

For all the periods up until 31 December 2014 the company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements for the year ended 31 December 2015 are the first the company has prepared in accordance with FRS 101. Accordingly, the company has prepared the financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the company has started with an opening balance sheet dated 1 January 2014, the company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first time adoption of FRS 101. No adjustments were required to be made by the company.