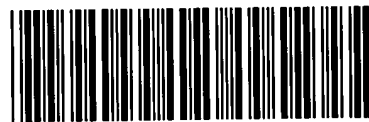


Annual Report and Financial Statements

TRW UK Limited

For the Year Ended 31 December 2016

TUESDAY



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COMPANIES HOUSE

Officers and professional advisors

Company registration number

237206

Directors

SM Batterbee
F Chittka
MC Furber
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 2016.

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.

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 £135.3 million. This investment value is considered the key performance indicator of the company.

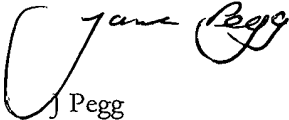
Strategic report (continued)

The Automotive Industry Climate:

In the year under review overall economic development continued to be characterised by low interest rates and favourable prices in the commodity exchanges. Nevertheless, private and public investments proved fairly sluggish particularly in the first half of the year. It was not until the second half of the year that the global economy regained some momentum. Economic growth in the advanced economies increased moderately over the course of the year, and as with the prior year, the Eurozone (the UK's principal market) grew 1.6% in 2016. The feared market turbulence following the Brexit vote failed to materialise.

Worldwide production of passenger cars rose 4%. China proved a key growth driver at 12%, whilst Europe posted growth of 3%. The UK posted growth of 2.0% in 2016. The crisis markets in 2016 were Russia and South America down 8% and 13% respectively, although this was an improvement on previous years. At present the signs seem to point to a gradual improvement of the global economy in 2017, however, the upcoming Brexit negotiations and the continued focus on US economic policy add to the uncertainty surrounding future growth. With a sustained expansionary economic and financial policy in the advanced economies as well as growing demand in the developing and newly industrialised countries, economic growth is likely to marginally pick up.

BY ORDER OF THE BOARD



J Pegg
Company Secretary
8 June 2017

Report of the directors

Business review and results

The company has minimal trading activity and incurred a small administrative fees totalling £1,741 in the year.

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 (2015 - £nil).

The loss for the year amounted to £1,741 (2015 - £nil). No dividends were paid or declared in the year (2015 - £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
F Chittka
MC Furber
MD Gowdzd (resigned 30 September 2016)
MW Jankowski
DE Shattock
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 2016.

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.

Future Events

The company intends to continue as an investment holding company for the foreseeable future. The company's management of risk is referred to in the strategic report on page 4.

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 2016, 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 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.

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
8 June 2017

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; and
- 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 2016 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 2016 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'; 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

Stephen Kirk (senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Birmingham
8 June 2017

Income statement

| | Note | 2016 £000 | 2015 £000 |
|--|------|--------------|--------------|
| Operating charges | 4 | (2) | — |
| Operating loss | 3 | (2) | — |
| Impairment of fixed asset investment | | — | — |
| Loss on ordinary activities before taxation | | (2) | — |
| Tax on loss on ordinary activities | 5 | — | — |
| Loss for the financial year | | (2) | — |

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 income statement results for the years as set out above.

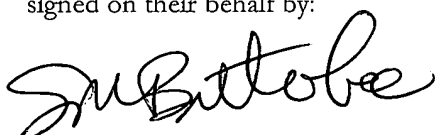
Statement of changes in equity

| | Share capital £000 | Share premium account £000 | Preference share account £000 | Other reserves £000 | Profit and loss account deficit £000 | Total share- holders' funds £000 |
|---|--------------------------|-------------------------------------|--|---------------------------|--|--|
| At 1 January 2015 | 81,699 | 610 | 8,000 | 163 | (267) | 90,205 |
| Result for the year | — | — | — | — | — | — |
| At 31 December 2015 and 1 January 2016 | 81,699 | 610 | 8,000 | 163 | (267) | 90,205 |
| Loss for the year | — | — | — | — | (2) | (2) |
| At 31 December 2016 | <u>81,699</u> | <u>610</u> | <u>8,000</u> | <u>163</u> | <u>(269)</u> | <u>90,203</u> |

Balance sheet

| | Note | 2016 £000 | 2015 £000 |
|---|------|------------------|-----------------|
| Non current assets | | | |
| Investments | 6 | <u>135,320</u> | <u>135,320</u> |
| Current assets | | | |
| Amounts owed by subsidiary undertakings | 7 | 72,968 | – |
| Creditors: amounts falling due within one year | | | |
| Amounts owed to subsidiary undertakings | 8 | <u>(115,085)</u> | <u>(42,115)</u> |
| Net current liabilities | | <u>(42,117)</u> | <u>(42,115)</u> |
| Total assets less current liabilities | | 93,203 | 93,205 |
| Creditors: amounts falling due after more than one year | 9 | <u>(3,000)</u> | <u>(3,000)</u> |
| Net assets | | <u>90,203</u> | <u>90,205</u> |
| Capital and reserves | | | |
| Called-up share capital | 10 | 89,699 | 89,699 |
| Share premium account | | 610 | 610 |
| Other reserves | | 163 | 163 |
| Profit and loss account – deficit | | <u>(269)</u> | <u>(267)</u> |
| Equity shareholders' funds | | <u>90,203</u> | <u>90,205</u> |

These financial statements were approved by the directors and authorised for issue on 8 June 2017, 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 TRW UK Limited for the year ended 31 December 2016 were authorised for issue by the board of directors on 8 June 2017, and the balance sheet was signed on the board's behalf by SM Batterbee. TRW UK Limited is a private company limited by shares and 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.

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 adopted FRS 101 for the period beginning on or after 1 January 2015. 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 2016, 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 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 (2015 - nil).

The auditors' remuneration for 2016 was borne by another group undertaking (2015 - £nil).

4 Other operating charges

| | 2016 £000 | 2015 £000 |
|-------------------------|--------------|--------------|
| Administrative expenses | <u>2</u> | <u>—</u> |

The company incurred administrative expenses of £1,741 in 2015 (2015 – £nil).

5 Taxation on loss on ordinary activities

a) Analysis of the tax charge in the year

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Current tax | | |
| United Kingdom corporation tax based on the results for the year | — | — |
| Foreign withholding taxes | — | — |
| Deferred tax | — | — |
| Total tax charge on loss on continuing operations for the year | <u>—</u> | <u>—</u> |

b) Reconciliation of the total tax charge

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Loss/result on continuing operations before taxation | <u>(2)</u> | <u>—</u> |
| Tax calculated at United Kingdom standard rate of corporation tax 20% (2015 – 20.25%) | — | — |
| Group relief surrendered without payment | — | — |
| Permanent differences and expenses not recognised for tax purposes | — | — |
| | <u>—</u> | <u>—</u> |

There are unrecognised deferred tax assets relating to surplus advance corporation tax of £0.5 million (2015 - £0.5 million) as well as gross tax losses of £1.7 million (2015 - £1.7 million) which remain unrecognised due to the lack of foreseeable taxable profits.

c) Factors that may affect future tax charges

The United Kingdom government has substantially enacted legislation that will reduce the corporation tax rate to 19% by the 1 April 2017 and then to 17% by 2020. Deferred tax has been calculated at the rates of 19% and 17%, and is dependent on the period in which the timing differences are expected to reverse.

6 Investments

| | |
|---|----------------|
| | £000 |
| Shares in subsidiary undertakings at cost | |
| At 1 January and 31 December 2016 | <u>135,320</u> |
| Net book value | |
| At 31 December 2016 | <u>135,320</u> |
| At 31 December 2015 | <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 (2015: £ 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 Automotive component supplier |
| TRW Systems Limited | England and Wales | Ordinary shares 100% | |

7 Debtors

| | | |
|--------------------------------------|---------------|------|
| | 2016 | 2015 |
| | £000 | £000 |
| Amounts owed from group undertakings | <u>72,968</u> | — |
| | <u>72,968</u> | — |

During the year ZF European Treasury re-designated various cash pool balances in the UK to align all cash pools with the main UK cash pool holder a fellow group subsidiary Lucas Industries Limited. This realignment had no impact on the net assets of the company.

8 Creditors: amounts falling due within one year

| | 2016 £000 | 2015 £000 |
|------------------------------------|----------------|---------------|
| Amounts owed to group undertakings | 115,085 | 42,115 |
| | <u>115,085</u> | <u>42,115</u> |

During the year ZF European Treasury re-designated various cash pool balances in the UK to align all cash pools with the main UK cash pool holder a fellow group subsidiary Lucas Industries Limited. This realignment had no impact on the net assets of the company.

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

9 Creditors: amounts falling due after more than one year

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Debt instrument element on preference shares (see note 9) | <u>3,000</u> | <u>3,000</u> |

10 Share capital

Authorised share capital:

| | 2016 £000 | 2015 £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:

| | 2016 £000 | 2015 £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> |

| | 2016 £000 | 2015 £000 |
|-----------------------------------|---------------|---------------|
| Amounts presented in equity: | | |
| 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> |

10 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.

11 Ultimate parent company

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

At 31 December 2016 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.