

Annual Report and Financial Statements

TRW UK Limited

For the Year Ended 31 December 2014

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COMPANIES HOUSE

Officers and professional advisors

Company registration number 237206

Directors SM Batterbee
F Chittka
MC Furber
MD Gwozdz
R Lechner
PR Rapin
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 2014.

Strategic report

The company operates as a part of the TRW Automotive Holdings Corp. group of companies (the 'TRW Group'). TRW Automotive Holdings Corp. 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 TRW group primarily encompass the design, manufacture and sale of active and passive safety related products. The TRW 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 TRW Automotive Holdings Corp. group of companies (the 'TRW group'), and will continue in this capacity for the foreseeable future.

On September 15 2014 the TRW group entered into an Agreement and Plan of Merger (the "Merger Agreement") with ZF Friedrichshafen AG (ZF), a corporation organized and existing under the laws of the Federal Republic of Germany, and MSNA, Inc., a Delaware corporation and a wholly owned subsidiary of ZF held directly by ZF North America, Inc., pursuant to which MSNA, Inc. will be merged with and into the TRW group, with the TRW group surviving the ZF Merger as an indirect wholly owned subsidiary of ZF Friedrichshafen AG. At a special shareholders meeting held on November 19 2014 TRW's shareholders adopted the Merger Agreement.

Post balance sheet events

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 subsidiary undertaking. These vary, but as with any trading business are principally affected by the prevailing automotive climate. For the year ended 31 December 2014 the following is a brief description of the current economic conditions that affect the United Kingdom subsidiaries of the TRW group.

The Automotive Industry Climate:

Caution over the European economy continues to exist, given ongoing debt concerns, high unemployment and a general lack of consumer confidence, as well as fears of deflation. Although 2014 European vehicle production levels improved over 2013, they remained at historically low levels and excess automotive manufacturing capacity continues to exist. This has negatively impacted our sales and led to restructuring efforts by us and others in the region, however, this has been offset by more favourable demand throughout 2014 in the United Kingdom. Sales to the rest of the world from UK subsidiaries have also marginally increased leading to an overall pick up in the UK group operating results.

Strategic report (continued)

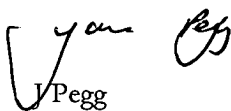
General Industry Conditions:

Automotive sales and production are highly cyclical and depend on, among other things, general economic conditions and consumer spending and preferences. Consumer spending and preferences can be affected by a number of issues, including employment levels, changes in expendable income due to the pace of wage growth and changes in personal tax rates, fuel costs, real estate values, the availability of consumer financing and concerns about the economy. Vehicle sales and production can also be impacted by the age of the vehicle fleet and applicable scrappage rates. As the volume of automotive production fluctuates, the demand for TRW group's products also fluctuates. Production levels in Europe and North America most notably affect the TRW group given the concentration of sales in those regions, which accounted for 42% and 33%, respectively, of TRW group 2014 sales.

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.

BY ORDER OF THE BOARD


J Pegg
Company Secretary
4 June 2015

Report of the directors

Business review and results

The directors have carried out an impairment review of the fixed assets investments in accordance with FRS 11. 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 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 (2013: £ nil).

The loss for the year amounted to £121 (2013 loss - £1,123). No dividends were paid or declared in the year (2013 - £ 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:

A Bassett	(resigned 31 December 2014)
SM Batterbee	(appointed 1 January 2015)
F Chittka	(appointed 14 May 2015)
MG Degen	(resigned 7 November 2014)
MC Furber	
MD Gowzdz	(appointed 1 January 2015)
R Lechner	
PR Rapin	
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 2014.

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 2014, 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.

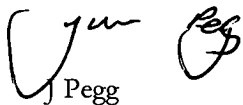
The directors of TRW Systems Limited have confirmed that there is no intention to call for settlement of the intercompany indebtedness for at least twelve months from the date of signature of the accounts.

The company participates in the centralised Treasury arrangements of the 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.

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 June 2015

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 2014 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 10. 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 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 2014 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)

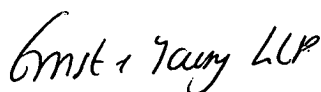
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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
4 June 2015

Profit and loss account

	Note	2014 £000	2013 £000
Operating charges	2	—	(1)
Operating loss		—	(1)
Loss on ordinary activities before taxation		—	(1)
Tax on loss on ordinary activities	3	—	—
Loss for the financial year	9	—	(1)

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.

Balance sheet

	Note	2014 £000	2013 £000
Fixed assets			
Investments	5	<u>135,320</u>	<u>135,320</u>
Current liabilities			
Creditors: amounts falling due within one year	6	<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	7	<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	8	<u>89,699</u>	<u>89,699</u>
Share premium account	9	<u>610</u>	<u>610</u>
Other reserves	9	<u>163</u>	<u>163</u>
Profit and loss account – (deficit)	9	<u>(267)</u>	<u>(267)</u>
Equity shareholders' funds	9	<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 June 2015, and are signed on their behalf by:



S M Batterbee
Director

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

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 2014, 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 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.

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.

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.

1 Accounting policies (continued)

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

	2014 £000	2013 £000
Administrative expenses	—	1

The company incurred an administration charge of £121 in 2014 (2013 – £1,123).

3 Taxation on loss on ordinary activities

There is no tax charge arising on ordinary activities during the year (2013 – £ nil).

Factors affecting current tax charge

	2014 £000	2013 £000
Loss on ordinary activities before taxation	—	(1)
Normal tax credit at United Kingdom corporation tax rate – 21.5% (2013 – 23.25%)	—	—
Permanent differences and expenses not recognised for tax purposes	—	—

There are unrecognised deferred tax assets relating to surplus advance corporation tax of £0.5 million (2013 – £0.5 million) as well as gross tax losses of £1.7 million (2013 – £1.7 million) which remain unrecognised due to the lack of foreseeable taxable profits.

4 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 (2013 – nil).

The auditors' remuneration for 2014 was borne by another group undertaking (2013 – £ nil).

5 Investments

	£000
Cost	
At 1 January and 31 December 2014	<u>207,620</u>
Provision for impairment	
At 1 January and 31 December 2014	<u>(72,300)</u>
Net book value	
At 31 December 2014	<u>135,320</u>
At 31 December 2013	<u>135,320</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.

No impairments were considered necessary following the review (2013: £ nil).

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 100%	Automotive supplies

6 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	42,115	42,115
	<u>42,115</u>	<u>42,115</u>

7 Creditors: amounts falling due after more than one year

	2014 £000	2013 £000
Debt instrument element on preference shares (see note 9)	3,000	3,000
	<u>3,000</u>	<u>3,000</u>

8 Share capital

Authorised share capital:		
	2014 £000	2013 £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:		
	2014 £000	2013 £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:		
Preference shares of £100 each	3,000	3,000
	<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. 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.

TRW UK Limited

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Financial statements for the year ended 31 December 2014

9 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 2013	81,699	610	8,000	163	(266)	90,206
Loss for the year	—	—	—	—	(1)	(1)
At 31 December 2013 and 1 January 2014	81,699	610	8,000	163	(267)	90,205
Loss for the year	—	—	—	—	—	—
At 31 December 2014	81,699	610	8,000	163	(267)	90,205

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 2014 the company's ultimate undertaking and controlling party is TRW Automotive Holdings Corp., incorporated in Delaware in the USA. 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 12001 Tech Centre Drive, Livonia, Michigan 48150, USA.

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.