

Annual Report and Financial Statements

TRW UK Limited

For the Year Ended 31 December 2018

WEDNESDAY



A87FXZJ6

A16

12/06/2019

#253

COMPANIES HOUSE

Officers and professional advisors

Company registration number

237206

Directors

SM Batterbee
J Braithwaite
F Chittka
AM McQueen
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

Contents	Page
Strategic report	4
Report of the directors	5 - 6
Statement of directors' responsibilities	7
Report of the independent auditor	8- 10
Income statement	11
Statement of changes in equity	12
Balance sheet	13
Notes to the financial statements	14 - 20

The directors present the Strategic Report, Director's Report, and financial statements for the year ended 31 December 2018.

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 group, and will continue in this capacity for the foreseeable future.

On 14 December 2018 the company passed a special resolution to reduce its share and preference capital in accordance with section 641 to 643 of the Companies Act 2006.

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, the investment the company held in TRW Systems Limited was impaired to the net asset value of that subsidiary. This followed the transfer of the trade and assets of TRW Systems Limited to a fellow group subsidiary undertaking such that TRW Systems Limited will no longer be a trading company. This investment value is considered the key performance indicator of the company.

BY ORDER OF THE BOARD



D Shattock
Director
6 June 2019

Report of the directors

Business review and results

The company incurred no administrative expenses in the year (2017 - £nil).

On 31 December 2018 the subsidiary undertaking TRW Systems Limited distributed in specie all of its assets and liabilities, by way of a transfer of trade and business to a fellow United Kingdom subsidiary undertaking TRW Limited. Consequently, the company has written down its fixed asset investment in TRW Systems Limited by £69.0 million. This write down reflects the cessation of trading by the subsidiary undertaking TRW Systems Limited and its' transition to dormant status (2017 - £nil).

The company made a loss of £66.0 million in the year (2017 – £nil). No dividends were paid or declared in the year (2017 – £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	
J Braithwaite	(appointed 22 May 2018)
F Chittka	
MW Jankowski	(resigned 31 March 2018)
AM McQueen	
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 2018.

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.

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.

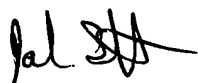
As of 31 December 2018, TRW UK Limited had net current liabilities of £42.1 million (2017 - £42.1 million) (consisting of an intercompany balance with TRW Limited a subsidiary undertaking), and net assets of £24.2 million (2017 - £90.2 million).

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



D Shattock
Director
6 June 2019

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

Opinion

We have audited the financial statements of TRW UK Limited for the year ended 31 December 2018 which comprise the Income Statement, Statement of Changes in Equity, the Balance Sheet, and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company’s affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Stephen Kirk (senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Birmingham
6 June 2019

Income statement

	Note	2018 £000	2017 £000
Operating charges		—	—
Operating loss		—	—
Cancellation of preference share liability		3,000	
Permanent diminution in value of fixed asset investments		(68,995)	—
Loss on ordinary activities before taxation		(65,995)	—
Tax on loss on ordinary activities	4	—	—
Loss for the financial year		(65,995)	—

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.

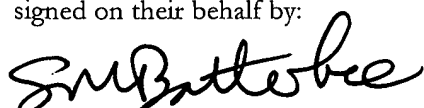
Statement of changes in equity

	Share capital £000	Share premium account £000	Preference share account £000	Other reserves £000	Profit and loss account deficit £000	Total share- holders' equity funds £000
At 1 January 2017	81,699	610	8,000	163	(269)	90,203
Result for the year	—	—	—	—	—	—
At 31 December 2017 and 1 January 2018	81,699	610	8,000	163	(269)	90,203
Reduction of capital	(81,699)	(610)	(8,000)	(163)	90,472	—
Loss for the year	—	—	—	—	(65,995)	(65,995)
At 31 December 2018	—	—	—	—	24,208	24,208

Balance sheet

	Note	2018 £000	2017 £000
Non current assets			
Investments	5	<u>66,325</u>	<u>135,320</u>
Current assets			
Amounts owed by subsidiary undertakings	6	72,968	72,968
Creditors: amounts falling due within one year			
Amounts owed to subsidiary undertakings	7	<u>(115,085)</u>	<u>(115,085)</u>
Net current liabilities		<u>(42,117)</u>	<u>(42,117)</u>
Total assets less current liabilities		<u>24,208</u>	<u>93,203</u>
Creditors: amounts falling due after more than one year	8	–	<u>(3,000)</u>
Net assets		<u>24,208</u>	<u>90,203</u>
Capital and reserves			
Called-up share capital	9	–	89,699
Share premium account		–	610
Other reserves		–	163
Profit and loss account – surplus/(deficit)		24,208	(269)
Equity shareholders' funds		<u>24,208</u>	<u>90,203</u>

These financial statements were approved by the directors and authorised for issue on 6 June 2019, 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 2018 were authorised for issue by the board of directors on 6 June 2019, 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 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;
- (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 2018, TRW UK Limited had net current liabilities of £42.1 million (2017 - £42.1 million) (consisting of an intercompany balance with TRW Limited a subsidiary undertaking), and net assets of £24.2 million (2017 - £90.2 million).

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 (2017 - nil).

The auditors' remuneration for 2018 was borne by another group undertaking (2017 - £nil).

4 Taxation on loss on ordinary activities

a) Analysis of the tax charge in the year

	2018 £000	2017 £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

	2018 £000	2017 £000
Loss on continuing operations before taxation	<u>(65,995)</u>	<u>–</u>
Tax calculated at United Kingdom standard rate of corporation tax 19% (2017 – 19.25%)	<u>(12,539)</u>	<u>–</u>
Expenses not deductible	<u>12,539</u>	<u>–</u>
	<u>–</u>	<u>–</u>

There are unrecognised deferred tax assets relating to surplus advance corporation tax of £0.5 million (2017 - £0.5 million) as well as gross tax losses of £1.7 million (2017 - £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 will reduce the corporation tax rate to 17% on the 1 April 2020

5 Investments

	£000
Shares in subsidiary undertakings at cost	
At 1 January 2018	135,320
Permanent diminution in value of fixed asset investment	(68,995)
At 31 December 2018	<u>66,325</u>
Net book value	
At 31 December 2018	<u>66,325</u>
At 31 December 2017	<u>135,320</u>

Subsidiary undertakings

An impairment review was carried out by comparing investment asset book values with the net assets of the subsidiary undertakings TRW Systems Limited and TRW Steering Systems Limited, both of which are non trading companies.

A permanent diminution in value of £67,385,588 was recorded in respect of the subsidiary undertaking TRW Systems Limited following its transfer of trade and business to a fellow subsidiary undertaking TRW Limited on 31 December 2018 (2017- £ nil).

All subsidiary 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%	Dormant

The above subsidiary undertakings share the same registered address of Stratford Road, Solihull, West Midlands, England B90 4AX.

6 Debtors

	2018	2017
	£000	£000
Amounts owed from group undertakings	<u>72,968</u>	<u>72,968</u>
	<u>72,968</u>	<u>72,968</u>

7 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	<u>115,085</u>	<u>115,085</u>
	<u>115,085</u>	<u>115,085</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

	2018 £000	2017 £000
Debt instrument element on preference shares (see note 9)	<u>—</u>	<u>3,000</u>

9 Share capital

Authorised share capital:

	2018 £000	2017 £000
82,500,000 ordinary shares of £1 each	–	82,500
150,000 preference shares of £100 each	–	15,000
	<u>–</u>	<u>97,500</u>

Allotted, called up and fully paid:

	2018 £000	2017 £000
1 ordinary share of £1 (2017 - 81,699,300 ordinary shares of £1 each)	–	81,699
Nil preference shares (2017 - 110,000 preference shares of £100 each)	–	11,000
	<u>–</u>	<u>92,699</u>

	2018 £000	2017 £000
Amounts presented in equity:		
Ordinary shares of £1 each	–	81,699
Preference shares of £100 each	–	8,000
	<u>–</u>	<u>89,699</u>

	2018 £000	2017 £000
Amounts presented in liabilities:		
Preference shares of £100 each	–	3,000
	<u>–</u>	<u>3,000</u>

On 14 December 2018 the company reduced its share capital by cancelling 81,699,299 ordinary shares of £1 each and 110,000 non-cumulative preference shares of £100 each. As a result of these transactions the company's share capital comprises 1 share of £1.

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 2018 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, Loewentaler Strasse 20, 88046 Friedrichshafen, Germany.