

TENNECO MANAGEMENT (EUROPE) LIMITED

Directors' Report and Financial Statements

For the year ended 31 December 2015

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TENNECO MANAGEMENT (EUROPE) LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

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TENNECO MANAGEMENT (EUROPE) LIMITED

DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS

J W Kujawski (USA) (resigned 10 June 2016)
L M Vogt
G L Biggs (appointed 10 June 2016)

SECRETARY

L M Vogt (resigned 01 July 2015)

REGISTERED OFFICE

7 Albemarle Street
London
W1S 4HQ

BANKERS

Bank of America NA, London
The Royal Bank of Scotland Plc, Amsterdam

SOLICITORS

Baker & McKenzie LLP
London

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

TENNECO MANAGEMENT (EUROPE) LIMITED

STRATEGIC REPORT

The directors present the strategic report for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a wholly owned subsidiary of Tenneco Inc. and continued to provide financing and foreign exchange management facilities for various undertakings within the Tenneco Inc. group.

The term "Tenneco group undertakings" used throughout these financial statements refers to Tenneco Inc. and its subsidiary undertakings.

The directors consider the reserves and gearing of the company to be satisfactory and expect the current position to continue in the future.

The profit for the financial year of £4,072,000 (2014: £6,373,000) has been transferred to reserves.

STRATEGY AND FUTURE DEVELOPMENTS

The company's principal objective and strategy focuses on continuing to provide effective finance and foreign exchange management facilities to various undertakings in the Tenneco Inc. group. The directors consider that the financial position of the company as at 31 December 2015 was satisfactory and anticipate that the company will continue on this basis for the foreseeable future.

In 2015, The Royal Bank of Scotland Plc ("RBS") announced that it was withdrawing from international cash management. As a result of this decision, the company entered into negotiations with Citibank N.A. to provide the services previously provided by RBS. Agreement for the services to be provided was reached in 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of the Tenneco Inc. group's strategy, of which this company forms a part, are subject to a number of risks, principally relating to market competition both from a national and international perspective. The activities of the company are closely linked to the overall activities of the Tenneco Inc. group, and business risks are reviewed regularly by the directors in the context of group strategies with appropriate processes being put in place to monitor and mitigate their impact.

KEY PERFORMANCE INDICATORS

The company regards net interest, the level of net retained income and debt/equity ratio as key measurements of the effectiveness of the company's operations.

	2015 £'000	2014 £'000
Net interest, inclusive of foreign exchange profit	5,841	8,733
Profit for the financial year	4,072	6,373
Debt/Equity Ratio	0.81	0.82

The calculation of the debt/equity ratio is detailed in note 10.

TENNECO MANAGEMENT (EUROPE) LIMITED

STRATEGIC REPORT (continued)


Year ended 31 December 2015

The Tenneco Inc. group manages its operations on a divisional basis. For this reason the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

The directors consider the debt/equity ratio of the company, given the nature of its business as a non-bank finance company to the Tenneco Inc. group, to be within acceptable levels.

The directors anticipate the same level of profitability in the foreseeable future.

The strategic report of Tenneco Management (Europe) Limited was approved by the board of directors and signed on its behalf on 30 September 2016 by:

A handwritten signature in black ink, appearing to be 'G L Biggs', written in a cursive style.

G L Biggs
Director

TENNECO MANAGEMENT (EUROPE) LIMITED

DIRECTORS' REPORT

Year ended 31 December 2015

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditors' report, for the year ended 31 December 2015.

RESULTS AND DIVIDENDS

The profit for the financial year of £4,072,000 (2014: £6,373,000) has been transferred to reserves. The directors do not recommend the payment of a dividend during or in respect of the financial year (2014: £nil).

FUTURE DEVELOPMENTS

The strategy and future developments in the business are set out in the Strategic Report on page 2.

FINANCIAL RISK MANAGEMENT POLICIES

As a result of its normal business activities, the company is exposed to a variety of risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

Liquidity risk

The company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk of damage to the company's reputation. The company also relies on its ultimate holding company, Tenneco Inc., to provide liquidity as and when required.

Credit risk

The company recognises a risk of financial loss where counterparties are not able to meet their obligations as they fall due. The company enters into financing activities primarily with Tenneco group undertakings and therefore considers any credit risk insignificant. Third party credit risk is managed by entering into transactions with major financial institutions that can be expected to fully perform under the terms of such agreements. During the year, the company entered into a new agreement for bank services with RBS, following the transfer of the business of The Royal Bank of Scotland N.V. to RBS. In connection with entering into this new arrangement, Tenneco Inc provided a guarantee for amounts deposited with RBS and given in pledge against bank borrowings by Tenneco group undertakings under the arrangement. For Tenneco group undertakings, the company relies on the support of its ultimate holding company, Tenneco Inc, who has issued a parental guarantee for the financing facilities provided to undertakings within the Tenneco group.

The company's activities expose it to the potential adverse change in company income arising from movements in foreign currency exchange rates and interest rates.

Interest rate risk

The company's income comprises interest received/paid on inter-company loans and overnight deposits and overdrafts with banks. The company operates its inter-company loan portfolio denominated in several foreign currencies. Interest rates for inter-company loans are set on a quarterly basis for loans to/from Tenneco group undertakings. Exposure to interest rates movement is minimised as the company both pays on all its loans and receives on all its offsetting investments a variable rate of interest, linked to transactional currency LIBOR or its equivalent.

TENNECO MANAGEMENT (EUROPE) LIMITED

DIRECTORS' REPORT (continued)

Year ended 31 December 2015

FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Foreign currency risk

The company's primary exposure to foreign currency exchange risk results from inter-company loans made between Tenneco group undertakings and overnight deposits and overdrafts with banks. The company manages its foreign currency exchange risk using, within predetermined parameters, foreign currency purchase and sale contracts with terms of less than one year.

DIRECTORS

The directors who were in office during the year and up to the date of signing the financial statements were as follows:

L M Vogt

G L Biggs (appointed on 10 June 2016)

J W Kujawski (USA) (resigned on 10 June 2016)

DISCLOSURE OF INDEMNITIES

The directors confirm under section 234 of the Companies Act 2006:

- at the time this directors' report is signed a qualifying third party indemnity provision (provided by the parent company, Tenneco Inc.) was in force for the benefit of all the directors of the company;
- for the financial year ending 31 December 2014 a qualifying third party indemnity provision (provided by the parent company, Tenneco Inc.) was in force for the benefit of all the directors of the company; and
- that there is no qualifying third party indemnity provision provided by the company for one or more directors of an associated company either on the date the directors' report is signed or in the last financial year.

EMPLOYEES

The company had no employees during the year, or prior year, and relies on employees of other Tenneco group undertakings for the provision of services.

GOING CONCERN

The directors have assessed that the company has adequate resources to counteract the current economic uncertainty. However, as the company is closely linked to the overall activities of Tenneco Inc. group, further considerations have been made. After making enquiries, the directors have formed a judgement at the time of approving the financial statements, that there is reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In order to reach their decision, the directors reviewed the disclosures in the annual report of the ultimate holding company, Tenneco Inc. These disclosures related to actions taken to counteract the current economic downturn, future growth in adjacent markets and the outlook of the Tenneco Inc. board. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

TENNECO MANAGEMENT (EUROPE) LIMITED

DIRECTORS' REPORT (continued)

Year ended 31 December 2015

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

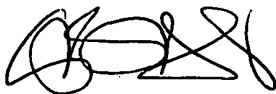
- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

INDEPENDENT AUDITORS

Pursuant to sections 485-488 of the Companies Act 2006 an elective resolution was passed dispensing with the requirement to appoint auditors annually. Therefore, PricewaterhouseCoopers LLP are deemed to continue as auditors.

Approved by the Board of Directors
and signed on behalf of the Board



G L Biggs
Director

30 September 2016

TENNECO MANAGEMENT (EUROPE) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

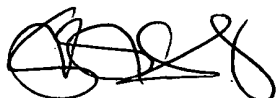
The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements (the "financial statements") in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

By order of the Board



G L Biggs
Director

30 September 2016

Independent auditors' report to the members of Tenneco Management (Europe) Limited

Report on the financial statements

Our opinion

In our opinion, Tenneco Management (Europe) Limited's financial statements (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 profit 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.
-

What we have audited

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Tenneco Management (Europe) Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

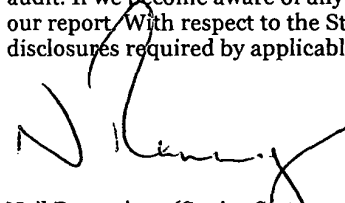
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Neil Rummings (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

30 September 2016

TENNECO MANAGEMENT (EUROPE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Administrative expenses		(734)	(616)
Finance income	4	7,225	8,668
Finance costs	5	(1,429)	(509)
Foreign exchange gain/(loss)			
- other gains/(losses)		(860)	711
- fair market value movement of open derivative contracts		905	45
			(137)
			574
Profit before income tax	6	5,107	8,117
Income tax expense	7	(1,035)	(1,744)
Profit for the financial year		4,072	6,373
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		4,072	6,373

All activities derive from continuing operations in the current and prior year.

The accompanying notes are an integral part of these financial statements.

TENNECO MANAGEMENT (EUROPE) LIMITED

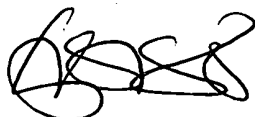
STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Current assets			
Trade and other receivables	8,11	200,358	192,655
Cash		91,749	111,725
		<u>292,107</u>	<u>304,380</u>
Trade and other payables: Amounts falling due within one year	9, 11	(182,445)	(198,790)
		<u>109,662</u>	<u>105,590</u>
Net current assets			
		<u>109,662</u>	<u>105,590</u>
Net assets		<u>109,662</u>	<u>105,590</u>
Equity			
Ordinary shares	10	1	1
Share premium account		29,999	29,999
Retained earnings		79,662	75,590
		<u>109,662</u>	<u>105,590</u>
Total equity		<u>109,662</u>	<u>105,590</u>

These financial statements on pages 10 to 32 were approved by the Board of Directors of Tenneco Management (Europe) Limited (Registered number 02989901) on 30 September 2016.

Signed on behalf of the Board of Directors



G L Biggs
Director

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Note	Ordinary shares £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2014	10	1	29,999	69,217	99,217
Profit for the year		-	-	6,373	6,373
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	6,373	6,373
Dividends		-	-	-	-
Total transactions with owners, recognised directly in equity		-	-	-	-
Balance as at 31 December 2014	10	1	29,999	75,590	105,590
Profit for the year				4,072	4,072
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	4,072	4,072
Dividends		-	-	-	-
Total transactions with owners, recognised directly in equity		-	-	-	-
Balance as at 31 December 2015		1	29,999	79,662	109,662

Retained earnings represents the accumulated profits, losses and distributions of the company.

The share premium account represents consideration received in respect of the issuance of share capital in excess of the nominal value of that share capital, less any costs directly incurred in connection with the issue.

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

Tenneco Management (Europe) Limited ("the company") is a private company limited by shares and it is incorporated in the United Kingdom. The address of its registered office is 7 Albemarle Street, London, W1S 4HQ. The registered number of the company is 02989901.

The principal activity of the company is to provide financing and foreign exchange management facilities for various undertakings within the Tenneco Inc. group.

2. STATEMENT OF COMPLIANCE

The individual financial statements of Tenneco Management (Europe) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The company has also early adopted the amendments to FRS 102 (issued in July 2015).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of forward exchange contracts that are disclosed at fair market value, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 1 January 2014. Details of the transition to FRS 102 are disclosed in note 14.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in "Critical accounting judgements and key sources of estimation uncertainty" section included within this note.

b) Going concern

As described within the Directors' Report, the directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Due to the nature of the company's business, turnover, cost of sales and gross profit do not have any meaningful equivalents and are therefore not shown in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Tenneco Management (Europe) Limited is a qualifying entity as its results are consolidated into the financial statements of Tenneco Inc. which are publicly available.

As a qualifying entity, the company has taken advantage of the exemption from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102.

d) Foreign currency

(i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling, the currency of the primary economic environment in which the company operates.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

e) Finance income

Finance income comprises interest income on bank deposits and on loans and receivables owed by other group undertakings and gains in the fair value of financial assets at fair value through profit or loss. Finance income is recognised as it accrues in the statement of comprehensive income, using the effective interest method.

f) Finance costs

Finance costs comprise primarily interest on amounts borrowed from financial institutions and from other group undertakings. Finance cost is recognised in the statement of comprehensive income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

i) Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, loans and borrowings, other receivables and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments (continued)

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value, and changes therein are recognised in profit or loss.

Derivative financial instruments

The company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of comprehensive income when incurred.

A discounted cash flow analysis is performed. The fair value of forward exchange contracts is determined by using quoted foreign exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. These instruments are classified at fair value through profit and loss upon initial recognition and changes in fair value of such derivatives are recognised in profit or loss as part of foreign exchange gain or loss.

Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments (continued)

All impairment losses are recognised in the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Financial risk management

The company has exposure to the following risk in its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company through management procedures, aims to develop a disciplined and constructive control environment in which all parties understand their roles and obligations.

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments (continued)

Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the company if a group undertaking or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally on the company's receivables from banks and Tenneco group companies. For banking relationships, transactions are only entered into with major financial institutions that can be expected to fully perform under the terms of such agreement. For Tenneco group undertakings, the company relies on the support of its ultimate holding company, Tenneco Inc.

During the year, Tenneco Inc provided guarantees to the company for financing facilities provided to Tenneco group undertakings and for amounts deposited with RBS and given in pledge against bank borrowings by undertakings within the Tenneco group.

Guarantees

The company's policy is to provide financial guarantees only in respect of wholly-owned subsidiaries within the Tenneco group.

At 31 December 2015 amounts owed to the company by Tenneco group undertakings of £197,087,000 (2014: nil) and pledged bank deposits of £91,398,000 (2014: nil) were guaranteed by Tenneco Inc.

At 31 December 2015 and 2014, a guarantee in respect of premises leased by Tenneco Automotive UK Limited, a Tenneco group undertaking, for £20,000 per annum was outstanding.

At 31 December 2015 and 2014, a guarantee in respect of pension obligations owed by Tenneco Automotive UK Limited to the Tenneco Automotive (UK) Limited Pension Scheme was outstanding. The directors' estimate, based on information from the Scheme's actuaries, of the guarantee amounts to £6.7 million (2014: £7.4 million) at the reporting date.

At 31 December 2015 and 2014, two guarantees in respect of pension obligations owed by Tenneco-Walker (U.K.) Limited, a wholly-owned Tenneco group undertaking and Futaba-Tenneco U.K. Limited, a 49% owned associate, to the Walker Group Executive Retirement Benefits Scheme and the Walker Group Employee Benefits Scheme were outstanding.

On 22 June 2011, Futaba Industrial Co. Ltd., the 51% shareholder of Futaba-Tenneco U.K. Limited entered into a deed of indemnity with the company in respect of its share of the pension obligations due from Futaba-Tenneco U.K. Limited to the two schemes. The indemnity remains in place as at 31 December 2015 and 2014.

The directors' estimate, based on information from the Schemes' actuaries, of the guarantees amount to £ 27.8 million (2014: £27.2 million) for the Walker Group Employee Benefits Scheme and £0.5 million (2014: £1.9 million) for the Walker Group Executive Retirement Benefits Scheme at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments (continued)

Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations -as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk of damage to the company's reputation. The company also relies on its ultimate holding company, Tenneco Inc., to provide liquidity as and when required.

The company buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All transactions are carried out within the guidelines set by the Tenneco Inc. group policies that have been adopted by the company. The company does not apply hedge accounting.

Currency risk

The company is exposed to currency risk on financings and borrowings denominated in a currency other than its pound sterling functional currency. The primary currencies in which these transactions are denominated are US Dollars, Canadian Dollars, Australian Dollars and Japanese Yen. Exchange exposures are managed within the approved policy parameters utilising forward foreign exchange contracts and foreign currency swaps.

In respect of monetary assets and liabilities denominated in foreign currencies, the company ensures that its net exposure is kept to an acceptable level by buying and selling currencies at spot rates when necessary to address short-term imbalances.

Interest rate risk

The exposure to interest rate risk is covered by forward contracts. Any imbalance between interest income and expense in foreign currencies is covered by forward contracts. The company does not enter into interest rate swaps.

j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognised in the statement of comprehensive income.

k) Critical judgments and estimates in applying the accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Critical judgments and estimates in applying the accounting policies (continued)

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The directors consider that there are no significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

4. FINANCE INCOME

	2015 £'000	2014 £'000
Interest on bank deposits	5,243	7,441
Interest on amounts owed to Tenneco group undertakings	1,982	1,227
	<u>7,225</u>	<u>8,668</u>

Interest rates on bank deposits are at overnight market rates based on the transactional currency LIBOR or an equivalent rate.

Interest rates on loans included in amounts owed by Tenneco group undertakings are set quarterly based on the transactional currency LIBOR or an equivalent rate.

5. FINANCE COSTS

	2015 £'000	2014 £'000
Interest on bank loans and overdrafts	(408)	(24)
Interest on amounts owed to Tenneco group undertakings	(1,016)	(484)
Other interest	(5)	(1)
	<u>(1,429)</u>	<u>(509)</u>

Interest rates on bank loans and overdrafts are based on overnight LIBOR.

Interest rates on loans included in amounts owed by Tenneco group undertakings are set quarterly based on transactional currency LIBOR.

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

6. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging:

	2015 £'000	2014 £'000
The analysis of auditors' remuneration is as follows:		
- Fees payable to the company's auditors for the audit of the company's annual financial statements	37	34
Total audit fees	37	34
Total non-audit fees	-	-

	2015 £'000	2014 £'000
Directors' remuneration:		
Remuneration	65	67
The remuneration of the highest paid director was:	65	67

The company has no employees during the year, or prior year, and relies on Tenneco group undertakings for the provision of services.

7. INCOME TAX EXPENSE

a) The tax charge/(credit) comprises:

	2015 £'000	2014 £'000
Current tax:		
UK corporation tax	(74)	(458)
Payment for group relief	(961)	(1,286)
Double tax relief	51	46
	(984)	(1,698)
Foreign tax		
Current year	(51)	(46)
Current tax charge for year	(1,035)	(1,744)
Adjustments in respect of prior years	-	-
Income tax expense	(1,035)	(1,744)

The company has no unprovided deferred tax assets or liabilities that should be recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

7. INCOME TAX EXPENSE (CONTINUED)

b) No tax charge/ (credit) is required to be included in other comprehensive income

c) Reconciliation of tax charge

The tax assessed for the year is equal to (2014: lower than) that resulting from applying the standard rate of corporation tax in the UK: 20.25% (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 £'000
Profit before income tax	5,107	8,117
Tax at 20.25% thereon (2014: 21.5%) thereon	(1,035)	(1,745)
Effects of:		
Non-taxable items	-	1
Current tax charge/(credit) for year		(1,744)
Adjustments in respect of prior years	-	-
Total tax charge/(credit)	(1,035)	(1,744)

d) Factors affecting future tax charges

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020.

The Finance Act 2016 which was substantively enacted on 15 September 2016 included further legislation to reduce the main rate of corporation tax to 17% from 1 April 2020. As the change was not substantively enacted at the balance sheet date, its effects are not included in these financial statements.

The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

8. TRADE AND OTHER RECEIVABLES

	2015	2014
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings		
- Loans and receivables	198,900	192,121
- Derivative financial instruments	2	-
Corporation tax	168	-
Amounts owed by third parties		
- Derivative financial instruments	1,288	9
- Other receivables	-	525
	<u>200,358</u>	<u>192,655</u>

The fair value of the above items is not considered to be materially different to their carrying value.

The company's principal financial assets are bank balances, derivative financial instruments and amounts owed by group undertakings.

Amounts owed by group undertakings are made under long term credit agreements. None of the amounts disclosed are past due or impaired.

The other classes within trade and other receivables do not contain impaired assets nor items past due date.

9. TRADE AND OTHER PAYABLES

	2015	2014
	£'000	£'000
Bank loans and overdraft	174,108	171,590
Amounts owed to group undertakings		
- Loans and payables	6,484	24,181
- Group relief	960	2,345
- Derivative financial instruments	-	3
Taxation and social security	-	490
Amounts owed to third parties		
- Derivative financial instruments	445	66
- Other payables	448	115
	<u>182,445</u>	<u>198,790</u>

The fair value of the above items is not considered to be materially different to their carrying value.

More information about the company's exposure to interest rate, foreign currency and liquidity risk is disclosed in note 11.

Details of security given for any debts is disclosed in note 11.

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

10. ORDINARY SHARES

	2015 £'000	2014 £'000
Authorised:		
1,000 (2014: 1,000) ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully-paid:		
602 (2014: 602) ordinary shares of £1 each	602	602

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The company's directors review the capital structure on a monthly basis. As part of this review, the directors consider the cost of capital.

Net debt is calculated as total borrowings less cash and cash equivalents. Equity is "equity" as shown in the statement of financial position.

During 2015, the company's strategy, which was unchanged from 2014, was to maintain a gearing ratio of less than 8:1, which was in the directors' view an acceptable level for a non-bank finance company. The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 £'000	2014 £'000
Bank loans and overdrafts	174,108	171,590
Amounts owed to Tenneco group undertakings	6,484	24,181
Amounts owed to Tenneco companies for group relief	152	2,345
Total borrowings	180,744	198,116
Less: cash	(91,749)	(111,725)
Net debt	88,995	86,391
Total equity	109,662	105,590
Debt: Equity Ratio	0.81:1	0.82:1

The company is not subject to externally imposed capital requirements.]

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

11. FINANCIAL INSTRUMENTS

Categories of financial instruments	2015 £'000	2014 £'000
Financial assets at fair value through profit or loss:		
Derivative instruments	1,290	9
Financial assets that are debt instruments measured at amortised cost:		
Amounts owed by group undertakings		
- Loans and receivables	198,900	192,121
Amounts owed by third parties		
- Other receivables	-	525
Cash	91,749	111,725
	<u>291,939</u>	<u>304,380</u>
Financial liabilities at fair value through profit or loss:		
Derivative instruments		
- Third parties	445	66
- Tenneco group undertakings	-	3
Financial liabilities measured at amortised cost:		
Bank loans and overdrafts	174,108	171,590
Amounts owed to group undertakings		
- Loans and payables	6,484	24,181
- Group relief	960	2,345
Amounts owed to third parties		
- Other payables	448	115
	<u>181,636</u>	<u>198,300</u>

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

11. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency exposure

The company's exposure to foreign currency risk was as follows based on notional amounts in local currency.

	CAD000's	AUD000's	EUR000's	JPY000's	USD000's
31 December 2015					
Cash	13	9	6	50,054	-
Receivables from related parties	1,880	-	63,061	1,052,233	185,186
Other receivables	-	-	-	-	119
Bank loans and overdrafts	-	-	(41,546)	-	(211,443)
Payable to related parties	-	(863)	(7,000)	-	(47)
Other payables	(240)	(156)	(294)	-	(90)
Gross statement of financial position exposure	1,635	(1,010)	14,227	1,102,278	(26,275)
Forward exchange contracts	(1,870)	780	(14,374)	(1,103,100)	(26,258)
Net exposure	(217)	(230)	(147)	(822)	(17)
	CAD000's	AUD000's	EUR000's	JPY000's	USD000's
31 December 2014					
Cash	5	8	9	2	27
Receivables from related parties	1,827	-	1	1,271,467	257,435
Other receivables	-	-	-	-	767
Bank loans and overdrafts	-	-	(871)	-	(266,267)
Payable to related parties	-	(2,983)	-	-	(5)
Other payables	-	-	-	-	(145)
Gross statement of financial position exposure	1,832	(2,975)	(861)	1,271,170	(8,188)
Forward exchange contracts	(1,780)	2,920	848	(1,268,170)	8,853
Net exposure	52	(55)	(13)	3,299	665

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

11. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency sensitivity analysis

The company is mainly exposed to the currency of Australia (Australian dollar), Japan (Japanese yen), Canada (Canadian dollar) and the United States of America (US dollar).

The following table details the company's sensitivity to a 10% increase and decrease in Sterling against the relevant foreign currencies. The sensitivity only includes outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in the foreign currency rates. Additionally, it assumes a positive equal and opposite offset on the FX forwards.

A positive number below indicates an increase in profit where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would have the opposite sign.

	US Dollar impact		Australian Dollar impact	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Statement of comprehensive income	1	(39)	10	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Japanese Yen impact		Canadian Dollar impact	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Statement of comprehensive income	-	(2)	10	(3)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following significant exchange rates applied during the financial year:

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
AUD	2.04659	1.83269	2.02223	1.90662
CAD	1.96613	1.82306	2.03930	1.81046
EUR	1.38249	1.24727	1.35678	1.28763
JPY	184.585	175.127	177.329	185.464
USD	1.52488	1.64583	1.47360	1.55790

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

11. FINANCIAL INSTRUMENTS (CONTINUED)

Interest Rate Risk

The company manages its exposure to interest rate risks to reduce any changes to profit by matching its exposures in foreign currencies by the use of foreign exchange currency contracts. However changes to the Sterling interest rates will have an impact to the level of profit generated. The company estimates that a 100 basis point increase in Sterling interest rates would have resulted in the following increase in profit. A decrease in Sterling interest rates would have had the opposite effect.

	2015	2014
	£'000	£'000
Statement of comprehensive income	1,076	1,024

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying value	
	2015	2014
	£'000	£'000
Amounts owed by Tenneco group undertakings	198,902	192,121
Corporation tax	168	-
Other receivables	-	525
Loans and receivables	199,070	192,646
Cash	91,749	111,725
Other forward exchange contracts	1,288	9
	292,107	304,380

There is no impairment loss recognised through the statement of comprehensive income.

For banking relationships, transactions are only entered into with major financial institutions that can be expected to fully perform under the terms of such agreement.

During the year, Tenneco Inc provided a guarantee for amounts deposited with RBS and given in pledge against bank borrowings by Tenneco group undertakings under the arrangement. At the balance sheet date, the company has deposited at RBS £91,398,000.

For loans to Tenneco group undertakings, the company relies on the support of its ultimate holding company, Tenneco Inc, who has issued a parental guarantee for the financing facilities provided to undertakings within the Tenneco group.

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

11. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The following are the contractual maturities of non-derivative financial liabilities, excluding estimated interest payments and excluding the impact of netting agreements:

	Carrying value £'000	Contractual Cash flows £'000	On demand £'000	0-3 months £'000	3-12 months £'000
31 December 2015					
<u>Non-derivative financial liabilities</u>					
Amounts owed to Tenneco group undertakings	6,484	6,484	6,484	-	-
Amounts owed to Tenneco undertakings for group relief	960	960	-	-	960
Bank loans and overdrafts	174,108	174,108	174,108	-	-
Other payables	448	448	-	448	-
	<u>182,000</u>	<u>182,000</u>	<u>180,592</u>	<u>448</u>	<u>960</u>
	Carrying value £'000	Contractual Cash flows £'000	On demand £'000	0-3 months £'000	3-12 months £'000
31 December 2014					
<u>Non-derivative financial liabilities</u>					
Amounts owed to Tenneco group undertakings	(24,181)	(24,181)	(24,181)	-	-
Amounts owed to Tenneco undertakings for group relief	(2,345)	(2,345)	-	(1,059)	(1,286)
Bank loans and overdrafts	(171,590)	(171,590)	(171,590)	-	-
Other payables	(115)	(115)	-	(115)	-
	<u>(198,231)</u>	<u>(198,231)</u>	<u>(195,771)</u>	<u>(1,174)</u>	<u>(1,286)</u>

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

11. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (continued)

The following are the contractual maturities of derivative financial instruments:

	Carrying value £'000	Contract- ual Cashflow £'000	On demand £'000	0-3 months £'000
31 December 2015				
<u>Derivative financial assets</u>				
Other forward exchange contracts:				
Outflow		(56,293)	-	(56,293)
Inflow	1,290	57,583	-	57,583
	<u>1,290</u>	<u>1,290</u>	<u>-</u>	<u>1,290</u>
<u>Derivative financial liabilities</u>				
Other forward exchange contracts:				
Outflow		(51,798)	-	(51,798)
Inflow	(445)	51,353	-	51,353
	<u>(445)</u>	<u>(445)</u>	<u>-</u>	<u>(445)</u>

	Carrying value £'000	Contract- ual Cashflow £'000	On demand £'000	0-3 months £'000
31 December 2014				
<u>Derivative financial assets</u>				
Other forward exchange contracts:				
Outflow	-	(2,216)	-	(2,216)
Inflow	9	2,225	-	2,225
	<u>9</u>	<u>9</u>	<u>-</u>	<u>9</u>
<u>Derivative financial liabilities</u>				
Other forward exchange contracts:				
Outflow	(69)	(10,136)	-	(10,136)
Inflow	-	10,067	-	10,067
	<u>(69)</u>	<u>(69)</u>	<u>-</u>	<u>(69)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The fair values of financial assets and liabilities are equal to their carrying amounts.

The directors have classified all financial instruments held at fair value as Level 2 under section 11 and 12 of FRS 102.

The directors use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

12. RELATED PARTY TRANSACTIONS

The company has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not to disclose transactions with Tenneco Inc. or other Tenneco group companies, where 100% of the company's voting rights are controlled within the group, and the consolidated financial statements of the ultimate parent company are publicly available.

Key management includes only the directors. Refer to note 6 for disclosure regarding key management compensation.

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Walker Limited. Its ultimate parent and controlling company is Tenneco Inc., a company incorporated in the State of Delaware, United States of America.

The largest and smallest group in which the results of the company are consolidated is that headed by Tenneco Inc. The consolidated financial statements of this group are available to the public, and may be obtained from 7 Albemarle Street, London, W1S 4HQ.

14. TRANSITION TO FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102. The company has also early adopted the amendments to FRS 102 (issued in July 2015).

Transition exemptions

The company has not taken any of the transition exemptions available in preparing its first set of FRS 102 financial statements.

TENNECO MANAGEMENT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

14. TRANSITION TO FRS 102 (CONTINUED)

Reconciliations

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and the transition to FRS 102 has not impacted upon previously reported profit or loss, other comprehensive income or equity at 1 January 2014 or for the year ended 31 December 2014.

Related parties and related party transactions appendix

Extract from 2015 Tenneco Inc 10-K

TENNECO INC.
EXHIBIT 21

Company Name	Ownership Type(s)	Primary Jurisdiction
Armstrong Properties (Pty.) Ltd.	Indirect	South Africa
Autopartes Walker, S. de R.L. de C.V. /f/k/a Autopartes Walker, S.A. de C.V.	Indirect	Mexico
Barasset Corp.	Indirect	Ohio
CED'S Inc.	Indirect	Illinois
Clevite Industries Inc.	Indirect	Delaware
Fric-Rot S.A.I.C.	Indirect	Argentina
Futaba-Tenneco U.K. Limited	Indirect	United Kingdom
Gillet Exhaust Manufacturing Limited	Indirect	United Kingdom
Gillet Pressings Cardiff Limited	Indirect	United Kingdom
J.W. Hartley (Motor Trade) Limited	Indirect	United Kingdom
Kinetic Pty. Ltd.	Indirect	Australia
Maco Inversiones S.A.	Indirect	Argentina
McPherson Strut Company LLC /f/k/a McPherson Strut Company Inc.	Indirect	Delaware
Monroe Amortisor Imalat Ve Ticaret Anonim Sirketi	Indirect	Turkey
Monroe Australia Pty. Limited	Indirect	Australia
Monroe Czechia s.r.o.	Indirect	Czech Republic
Monroe Manufacturing (Pty.) Ltd	Indirect	South Africa
Monroe Mexico, S de R.L. de C.V. /f/k/a Monroe-Mexico, S.A. de C.V.	Indirect	Mexico
Monroe Holding, S. de R.L. de C.V.	Indirect	Mexico
Monroe Packaging BVBA	Indirect	Belgium
Monroe Springs (Australia) Pty. Ltd.	Indirect	Australia
Monroe Springs (New Zealand) Limited	Indirect	New Zealand
Montagewerk Abgastechnik Emden GmbH	Indirect	Germany
Peabody Galion Corporation	Indirect	Delaware
Peabody Gordon-Piatt, Inc.	Indirect	Delaware
Peabody International Corporation	Indirect	Delaware
Peabody-Myers Corporation	Indirect	Illinois
Peabody N.E., Inc.	Indirect	Delaware
Precision Modular Assembly Corp.	Indirect	Delaware
Provedora Walker S. de R.L. de C.V.	Indirect	Mexico
Pullman Standard Inc.	Indirect	Delaware
Shanghai Tenneco Exhaust System Co., Ltd.	Indirect	China
TA (Australia) Group Pty. Ltd.	Indirect	Australia
Tenneco Asheville Inc.	Indirect	Delaware
Tenneco Asia Inc.	Indirect	Delaware
Tenneco Automotive Brasil Ltda.	Indirect	Brazil
Tenneco Automotive China Inc.	Indirect	Delaware
Tenneco Automotive Deutschland GmbH	Indirect	Germany
Tenneco Automotive Eastern Europe Sp. z o.o.	Indirect	Poland
Tenneco Automotive Europe BVBA	Indirect	Belgium

Company Name	Ownership Type(s)	Primary Jurisdiction
Tenneco Automotive Europe Coordination Center BVBA	Indirect	Belgium
Tenneco Automotive Foreign Sales Corporation Limited	Indirect	Jamaica
Tenneco Automotive France S.A.S.	Indirect	France
Tenneco Automotive Holdings South Africa Pty. Ltd.	Indirect	South Africa
Tenneco Automotive Iberica, S.A.	Indirect	Spain
Tenneco Automotive Inc. Nevada	Direct	Nevada
Tenneco Automotive India Private Limited	Indirect	India
Tenneco Automotive Italia S.R.L.	Indirect	Italy
Tenneco Automotive Nederland B.V.	Indirect	Netherlands
Tenneco Automotive Operating Company Inc.	Direct	Delaware
Tenneco Automotive Polska Sp. z o.o.	Indirect	Poland
Tenneco Automotive Port Elizabeth (Proprietary) Limited	Indirect	South Africa
Tenneco Automotive Portugal — Componentes Para Automovel, Unipessoal, LDA.	Indirect	Portugal
Tenneco Automotive Romania Srl	Indirect	Romania
Tenneco Automotive RSA Company	Indirect	Delaware
Tenneco Automotive Second RSA Company	Indirect	Delaware
Tenneco Automotive Services Societe Par Actions Simplifiee	Indirect	France
Tenneco Automotive Servicios Mexico, S. de R.L. de C.V. f/k/a Tenneco Automotive Servicios Mexico, S.A de C.V.	Indirect	Mexico
Tenneco Automotive (Thailand) Limited	Indirect	Thailand
Tenneco Automotive Trading Company	Indirect	Delaware
Tenneco Automotive UK Limited	Indirect	United Kingdom
Tenneco Automotive Volga LLC	Indirect	Russia
Tenneco Automotive Walker Inc.	Indirect	Delaware
Tenneco (Beijing) Exhaust System Co., Ltd.	Indirect	China
Tenneco (Beijing) Ride Control System Co., Ltd.	Indirect	China
Tenneco Brake, Inc.	Indirect	Delaware
Tenneco Brazil Ltda.	Indirect	Brazil
Tenneco Canada Inc.	Indirect	Canada
Tenneco (China) Co., Ltd. f/k/a Tenneco Automotive China Company (Shanghai) Ltd.	Indirect	China
Tenneco (Dalian) Exhaust System Co. Ltd. f/k/a Tenneco Tongtai (Dalian) Exhaust System Co., Ltd.	Indirect	China
Tenneco Deutschland Holdinggesellschaft mbH	Indirect	Germany
Tenneco Eastern European Holdings Srl	Indirect	Luxembourg
Tenneco-Eberspaecher (Dalian) Exhaust System Co., Ltd.	Indirect	China
Tenneco Emission Control (Pty) Ltd f/k/a Gillet Exhaust Technologie	Indirect	South Africa
Tenneco Etain f/k/a Gillet Tubes Technologies S.A.S.	Indirect	France
Tenneco Europe Limited	Indirect	Delaware
Tenneco FAWSN (Foshan) Automobile Parts Co., f/k/a Tenneco FAW Sihuan (Foshan) Automobile Parts Co., Ltd.	Indirect	China
Tenneco FAWSN (Changchun) Automobile Parts Co., Ltd. f/k/a Tenneco FAW Sihuan (Changchun) Automobile Parts Co., Ltd.	Indirect	China
Tenneco Fusheng (Chengdu) Automobile Parts Co., Ltd. f/k/a Chengdu Tenneco Tongtai Exhaust System Co., Ltd.	Indirect	China
Tenneco Global Holdings Inc.	Indirect	Delaware
Tenneco Global Trading FZE	Indirect	Dubai, U.A.E.
Tenneco GmbH f/k/a Heinrich Gillet GmbH	Indirect	Germany
Tenneco (Guangzhou) Co., Ltd.	Indirect	China
Tenneco Holdings Danmark ApS	Indirect	Denmark
Tenneco Hong Kong Holdings Limited	Indirect	Hong Kong
Tenneco Hungary Korlatolt Felelossegu Tarsasag	Indirect	Hungary

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Company Name	Ownership Type(a)	Primary Jurisdiction
Tenneco Innovacion S. L.	Indirect	Spain
Tenneco International Holding Corp.	Indirect	Delaware
Tenneco International Luxembourg S.a.r.l.	Indirect	Luxembourg
Tenneco International Manufacturing S.a.r.l.	Indirect	Luxembourg
Tenneco Japan Ltd. f/k/a Tenneco Automotive Japan Ltd.	Indirect	Japan
Tenneco Korea Limited	Indirect	Korea
Tenneco Lingchuan (Chongqing) Exhaust System Co., Ltd.	Indirect	China
Tenneco Management (Europe) Limited	Indirect	United Kingdom
Tenneco (TM Asia) Ltd. f/k/a Marzocchi Asia Ltd.	Indirect	Republic of China
Tenneco (TM Belgium) BVBA f/k/a Tenneco Marzocchi International BVBA	Indirect	Belgium
Tenneco (MSCan) Operations Inc. f/k/a Tenneco Marzocchi Suspension Canada Inc.	Indirect	Canada (BC)
Tenneco (MUSA) f/k/a Tenneco Marzocchi U.S.A.	Indirect	California
Tenneco Mauritius China Holdings Ltd.	Indirect	Mauritius
Tenneco Mauritius Holdings Limited	Indirect	Mauritius
Tenneco Mauritius Limited	Indirect	Mauritius
Tenneco Mexico, S. de R.L. de C.V.	Indirect	Mexico
Tenneco Ride Control South Africa (Pty.) Ltd. f/k/a Armstrong Hydraulics South Africa (Pty.) Ltd.	Indirect	South Africa
Tenneco Silesia spolka z ograniczona odpowiedzialnoscia	Indirect	Poland
Tenneco (Suzhou) Co., Ltd.	Indirect	China
Tenneco (Suzhou) Emission System Co., Ltd.	Indirect	China
Tenneco (Suzhou) Ride Control Co., Ltd.	Indirect	China
Tenneco Sverige AB f/k/a Tenneco Automotive Sverige AB	Indirect	Sweden
Tenneco-Walker (U.K.) Limited	Indirect	United Kingdom
Tenneco Zwickau GmbH f/k/a Gillet-Abgassysteme Zwickau GmbH	Indirect	Germany
The Pullman Company	Indirect	Delaware
The Tenneco Automotive (UK) Pension Scheme Trustee Limited	Indirect	United Kingdom
Thompson and Stammers (Dunmow) Number 6 Limited	Indirect	United Kingdom
Thompson and Stammers (Dunmow) Number 7 Limited	Indirect	United Kingdom
TM S.r.l. f/k/a Tenneco Marzocchi S.r.l.	Indirect	Italy
TM.com S.r.l. f/k/a Marzocchi.com S.r.l.	Indirect	Italy
TMC Texas Inc.	Indirect	Delaware
Walker Australia Pty. Limited	Indirect	Australia
Walker Danmark ApS	Indirect	Denmark
Walker Electronic Silencing, Inc.	Indirect	Delaware
Walker Europe, Inc.	Indirect	Delaware
Walker Exhaust (Thailand) Company Limited	Indirect	Thailand
Walker Gillet (Europe) GmbH	Indirect	Germany
Walker Limited	Indirect	United Kingdom
Walker Manufacturing Company	Indirect	Delaware
Walker UK Ltd	Indirect	United Kingdom
Wimetal Societe Par Actions Simplifiee	Indirect	France

(a) Ownership type indicates whether each subsidiary or affiliate is directly owned by Tenneco Inc., indirectly owned by a subsidiary of Tenneco Inc. (in each case, such subsidiary or affiliate may be partially or wholly owned), or a combination thereof.