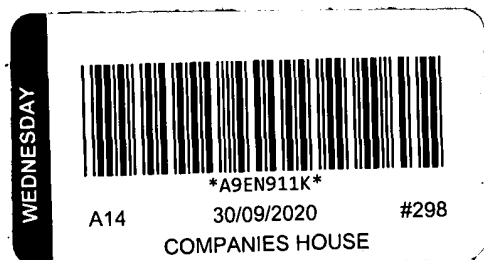


COMPANY REGISTRATION NO. 02796324 (England and Wales)

ARVINMERITOR A&ET LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2019



ARVINMERITOR A&ET LIMITED

COMPANY INFORMATION

Directors	Mr P Bialy Mr H James Mr J Ramos
Secretary	NoRose Company Secretarial Services Limited
Company number	02796324
Registered office	Grange Road Cwmbran Gwent UK NP44 3XU
Auditor	Deloitte LLP Cardiff Wales United Kingdom

ARVINMERITORA&ET LIMITED

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ARVINMERITOR A&ET LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 SEPTEMBER 2019

The directors present their annual report and financial statements for the year ended 29 September 2019.

Principal activities and future developments

The principal activity of the company was that of the manufacture and distribution of motor vehicle exhaust systems and catalytic converters until 15 May 2007, when the trading assets were sold and this activity ceased. The company no longer trades.

Directors

The directors who served throughout the year and thereafter were as follows:

Mr P Bialy
Mr H James
Mr J Ramos

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2018 - nil).

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date. These provisions apply to directors of parent and subsidiary entities also.

Financial risk management objectives and policies

The Company is a holding company of a group of companies and consequently the most significant financial risk is that associated with liquidity. The Company is however part of the Meritor Inc. group ("the Group") and is part of the Group's cash pooling scheme which ensures sufficient funds are available to maintain liquidity. Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Going concern

The world is in the midst of a global pandemic and the impact of the 2019 Coronavirus (COVID-19) is far reaching. Whilst not relevant for the year ended 30 September 2019, the impact of COVID-19 is expected to be felt in the second half of FY2020.

As a responsible organization we are continually considering the impact of COVID-19 with particular regard to our customers, suppliers and employees. Production at the majority of our global manufacturing plants was temporarily suspended at the end of March however production at most have now resumed, albeit on a lower level as volumes gradually ramp up. The Truck industry is a vital component of the global economy ensuring food, medical and other relevant supplies are delivered in a timely manner and the need therefore for ensuring trucks are on the road and continue to be manufactured is vital.

Arvinmeritor A&ET Limited does not carry out trade and has net liabilities of £95.6m at the 29 September 2019, and is therefore reliant on group funding to meet its financial obligations.

ARVINMERITOR A&ET LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2019

The company has received a letter of support ArvinMeritor Finance Ireland (hereafter AFI) who have guaranteed the company £100k to meet its day to day working capital requirements for a period of at least twelve months from signing the 2019 financial statements. The Directors deem this amount to be sufficient to cover the company's financial obligations in this period and have assessed AFI to have sufficient resources to provide this support.

The Directors have also obtained signed Letters of support confirming that all intercompany loan and payable balances will not be recalled within twelve months from signing the 2019 financial statements.

The directors have also considered the impact of Covid-19 on the wider Meritor group (the "Group") and thus the ability of this company to continue as a going concern. The directors have concluded that the company has sufficient resources to continue to trade for at least twelve months from the date of signing the financial statements and meet any liabilities as they fall due. In drawing this conclusion the directors also note that:

- Meritor, Inc. group has cash and financing resources available to it exceeding \$900m;
- the Group has taken appropriate actions to right size the business and reduce the cost base appropriately in light of lower volumes;
- worldwide government initiatives related to Covid-19 have been introduced which are being utilised by the Group; and
- the company does not manufacture and has limited overheads which the directors are confident can be met as they fall due.

The directors therefore believe that it is appropriate to prepare the financial statements on the going concern basis and wish to draw attention to note 1.2.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the board and signed on its behalf by


.....

Mr H James

Director

Date: 29.09.2020

ARVINMERITOR A&ET LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 29 SEPTEMBER 2019

The directors are responsible for preparing the annual 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgements and accounting estimates that are reasonable and prudent; 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.

ARVINMERITOR A&ET LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ARVINMERITOR A&ET LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Arvinmeritor A&ET Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 29 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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

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.

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

ARVINMERITOR A&T LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF ARVINMERITOR A&T LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

ARVINMERITOR A&ET LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBER OF ARVINMERITOR A&ET LIMITED**

Use of our report

This report is made solely to the company's member, 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

David Hedditch

**David Hedditch (Senior Statutory Auditor)
for and on behalf of Deloitte LLP**

Statutory Auditor

.....
Cardiff
Wales
United Kingdom

Date 28 September 2020

ARVINMERITOR A&ET LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 29 SEPTEMBER 2019**

		2019	2018
	Notes	£ 000	£ 000
Administrative expenses		(21)	(109)
		<hr/>	<hr/>
Operating loss	3	(21)	(109)
Interest receivable and similar income	5	-	1
Interest payable and similar expenses	6	(7,140)	(4,711)
		<hr/>	<hr/>
Loss before taxation	3	(7,161)	(4,819)
Tax on loss	7	-	-
		<hr/>	<hr/>
Loss for the financial year		(7,161)	(4,819)
		<hr/>	<hr/>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

ARVINMERITOR A&ET LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 SEPTEMBER 2019**

	Note	2019 £ 000	2018 £ 000
Loss for the year		(7,161)	(4,819)
Other comprehensive expense			
Actuarial loss on post retirement medical benefit plan	11	(216)	(86)
Total comprehensive expense for the year		<u>(7,377)</u>	<u>(4,905)</u>

ARVINMERITOR A&ET LIMITED

BALANCE SHEET

AS AT 29 SEPTEMBER 2019

	Notes	2019 £ 000	£ 000	2018 £ 000	£ 000
Current assets					
Debtors	8	1,247		33	
Creditors: amounts falling due within one year	9	(48)		(171)	
Net current assets/(liabilities)			1,199		(138)
Total assets less current liabilities			1,199		(138)
Creditors: amounts falling due after more than one year	10		(95,763)		(87,242)
Provisions for liabilities	11		(1,084)		(891)
Net liabilities			(95,648)		(88,271)
Capital and reserves					
Called up share capital	13		14,309		14,309
Profit and loss reserves			(109,957)		(102,580)
Total equity			(95,648)		(88,271)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 24.9.2020 and are signed on its behalf by:



Mr H James
Director

Company Registration No. 02796324

ARVENMERITOR A&ET LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 SEPTEMBER 2019**

	Share capital	Profit and loss reserves	Total
	£ 000	£ 000	£ 000
Balance at 1 October 2017	14,309	(97,675)	(83,366)
Year ended 30 September 2018:			
Loss for the year	-	(4,819)	(4,819)
Other comprehensive income:			
Actuarial losses on post-retirement medical benefit plan	-	(86)	(86)
Total comprehensive expense for the year	-	(4,905)	(4,905)
Balance at 30 September 2018	14,309	(102,580)	(88,271)
Year ended 29 September 2019:			
Loss for the year	-	(7,161)	(7,161)
Other comprehensive expense:			
Actuarial losses on post-retirement medical benefit plan	-	(216)	(216)
Total comprehensive expense for the year	-	(7,377)	(7,377)
Balance at 29 September 2019	14,309	(109,957)	(95,648)

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

ARVINMERITOR A&ET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 SEPTEMBER 2019

1 Accounting policies

Company information

Arvinmeritor A&ET Limited is a private company limited by shares registered in England and Wales. The registered office is 3 More London Riverside, London, United Kingdom, SE1 2AQ. The principal activity of the company is stated in the directors' report (page 1).

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ 000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel and other intercompany transactions.

The financial statements of the company are consolidated in the financial statements of Meritor Inc. These consolidated financial statements are available from its registered office, 2135 West Maple Road, Troy, Michigan, 48064-7186 USA.

The company's accounting reference date is 30 September; the company has taken advantage of the provisions of the Companies Act 2006 (s390(2b)) so that its actual financial year end was 29 September (2018: 30 September).

ARVINMERITOR A&ET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.2 Going concern

The world is in the midst of a global pandemic and the impact of the 2019 Coronavirus (COVID-19) is far reaching. Whilst not relevant for the year ended 30 September 2019, the impact of COVID-19 is expected to be felt in the second half of FY2020.

As a responsible organization we are continually considering the impact of COVID-19 with particular regard to our customers, suppliers and employees. Production at the majority of our global manufacturing plants was temporarily suspended at the end of March however production at most have now resumed, albeit on a lower level as volumes gradually ramp up. The Truck industry is a vital component of the global economy ensuring food, medical and other relevant supplies are delivered in a timely manner and the need therefore for ensuring trucks are on the road and continue to be manufactured is vital.

Arvinmeritor A&ET Limited does not carry out trade and has net liabilities of £95.6m at the 29 September 2019, and is therefore reliant on group funding to meet its financial obligations.

The company has received a letter of support ArvinMeritor Finance Ireland (hereafter AFI) who have guaranteed the company £100k to meet its day to day working capital requirements for a period of at least twelve months from signing the 2019 financial statements. The Directors deem this amount to be sufficient to cover the company's financial obligations in this period and have assessed AFI to have sufficient resources to provide this support.

The Directors have also obtained signed Letters of support confirming that all intercompany loan and payable balances will not be recalled within twelve months from signing the 2019 financial statements.

The directors have also considered the impact of Covid-19 on the wider Meritor group (the "Group") and thus the ability of this company to continue as a going concern. The directors have concluded that the company has sufficient resources to continue to trade for at least twelve months from the date of signing the financial statements and meet any liabilities as they fall due. In drawing this conclusion the directors also note that:

- Meritor, Inc. group has cash and financing resources available to it exceeding \$900m;
- the Group has taken appropriate actions to right size the business and reduce the cost base appropriately in light of lower volumes;
- worldwide government initiatives related to Covid-19 have been introduced which are being utilised by the Group; and
- the company does not manufacture and has limited overheads which the directors are confident can be met as they fall due.

1.3 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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 the liability simultaneously.

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include debtors and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ARVINMERITOR A&ET LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 29 SEPTEMBER 2019**

1 Accounting policies

(Continued)

1.7 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The company is deemed not to have any critical accounting judgements or estimation uncertainties.

3 Loss before taxation

	2019	2018
This is stated after charging:	£ 000	£ 000
Fees payable to the company's auditor for the audit of the company's financial statements	5	5
	<u>5</u>	<u>5</u>

Exchange differences recognised in profit or loss during the year amounted to £5,122,000 loss (2018: £2,101,000 loss).

ARVINMERITOR A&ET LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 29 SEPTEMBER 2019****4 Directors' remuneration**

The company has no employees other than the directors (2018: none). The directors are remunerated by other group companies for their services to the group as a whole. It is not practical to allocate their remuneration between the services to the company and other entities in the group.

5 Interest receivable and similar income

	2019 £ 000	2018 £ 000
Interest income		
Gain on translation of amounts owed to group undertaking	-	1
	<u> </u>	<u> </u>

6 Interest payable and similar expenses

	2019 £ 000	2018 £ 000
Interest on inter-company loans	1,983	2,588
Interest on post-retirement medical benefit liability	25	22
Loss on translation of amounts owed to group undertakings	5,132	2,101
	<u> </u>	<u> </u>
	<u>7,140</u>	<u>4,711</u>

7 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £ 000	2018 £ 000
Loss before taxation	<u>(7,161)</u>	<u>(4,819)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(1,361)	(916)
Tax effect of utilisation of tax losses not previously recognised	13	866
Short term timing differences	(4)	(21)
Expenses not deductible	-	4
Thin capitalisation adjustments	1,352	67
	<u> </u>	<u> </u>
Taxation charge for the year	<u>-</u>	<u>-</u>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using the 17% enacted tax rate and reflected in these financial statements.

ARVINMERITOR A&ET LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 29 SEPTEMBER 2019****8 Debtors**

	2019	2018
	£ 000	£ 000
Amounts falling due within one year:		
Amounts owed by group undertakings	1,247	33

Amounts owed by group undertakings attract no interest and are payable on demand.

9 Creditors: amounts falling due within one year

	2019	2018
	£ 000	£ 000
Amounts owed to group undertakings	30	151
Accruals and deferred income	18	20
	48	171

Amounts owed to group undertakings attract no interest and are payable on demand.

10 Creditors: amounts falling due after more than one year

	2019	2018
	£ 000	£ 000
Amounts owed to group undertakings	95,763	87,242

The interest rate is determined annually in August based on the 12-month US\$ LIBOR rate less 0.75%. The spread may from time to time be adjusted by the lender based on the interest rates payable on its own borrowings; this rate was reduced from plus 1.5% to less 0.75% from October 2018. Interest is due and payable on 1 October each year. The loan becomes due for repayment on September 2030 with a call option each May (commencing May 2021) for AFI to recall the loan.

11 Provisions for liabilities

	2019	2018
	£ 000	£ 000
Post-retirement medical benefit	1,084	891

ARVINMERITOR A&ET LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 29 SEPTEMBER 2019**

11 Provisions for liabilities (Continued)

Movements on provisions:

	Post-retirement medical benefit £ 000
At 1 October 2018	891
Premium payments	(48)
Other finance costs	25
Actuarial loss	216
	<u>1,084</u>
At 29 September 2019	<u>1,084</u>

The post-retirement medical benefit provision represents the directors' best estimate of the cost of payments of ex-directors for healthcare costs, which is an ongoing liability for the company. The provision has been computed in accordance with FRS 102 section 28. The provision is expected to be utilised over the next 30 years.

12 Deferred taxation

A deferred tax asset of £8,629,541 (2018: £9,321,745) has not been recognised in respect of short-term timing difference, losses, capital losses and other timing differences as there is insufficient evidence that the asset will be recovered. An analysis of this unprovided deferred tax asset is as follows:

	Assets 2019 £ 000	Assets 2018 £ 000
Balances:		
Tax losses	8,242	8,560
STTDs - trading	388	762
	<u>8,630</u>	<u>9,322</u>

13 Called up share capital

	2019 £ 000	2018 £ 000
Ordinary share capital		
Issued and fully paid		
14,309,000 ordinary shares of £1 each	<u>14,309</u>	<u>14,309</u>

ARVINMERITOR A&ET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2019

14 Retirement benefit schemes

Past employees of the company had access to membership of the ArvinMeritor UK Pension Scheme, which is a funded scheme of the defined benefit type, providing retirement benefits based on salary. However, the final salary section of the Scheme is closed to new entrants and future accrual. The assets of the Scheme are held under trust, separately from those of the participating employers of the Scheme.

The ArvinMeritor UK Pension Scheme is a Multi-Employer Scheme, however, there is no contractual agreement or stated policy for charging the net defined benefit cost to individual group companies, therefore, in accordance with section 28 of FRS 102, the company which has legal responsibility for the Scheme, Meritor Heavy Vehicle Braking Systems (UK) Limited will account for the Scheme as a defined benefit plan in its financial statements and other entities including this company will account for the Scheme as a defined contribution plan.

The company has no liability to the Scheme and has no right to share in any surplus.

The company did not make any contribution to the Scheme in the current or preceding year.

Full details of the Scheme are provided in the financial statements of Meritor Heavy Vehicle Braking Systems (UK) Limited. At 29 September 2019 the Scheme had a surplus of £119.9 million (2018 - £115.8 million).

15 Parent company and controlling party

The immediate parent undertaking of ArvinMeritor A&ET Limited is Arvin International (UK) Limited, a company incorporated in England and Wales.

The ultimate parent company and ultimate controlling party of ArvinMeritor A&ET Limited is Meritor, Inc., incorporated in the United States of America. Meritor, Inc. is also the parent undertaking of the smallest and largest group which includes the company and for which group financial statements are prepared. Copies of the group financial statements of Meritor, Inc. are available from the company's registered address: 2135 West Maple Road, Troy, Michigan, 48084-7186 USA. They can also be downloaded from the website www.meritor.com.

16 Post balance sheet event

In late 2019 the first cases of Covid-19 were recorded in China and the spread across the world that followed in 2020 has had wide ranging consequences. As with many businesses the Meritor group has been impacted by this pandemic and resulted in the temporary closure of manufacturing operations, although these have since re-started and are nearing pre Covid-19 levels.

The director's do not believe that the Covid-19 pandemic is an adjusting post balance sheet event and consequently no adjustments have been made to the reported figures as at 29 September 2019.