

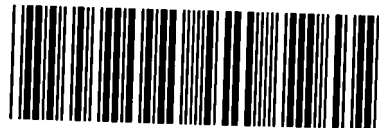
**COMPANY REGISTRATION NO. 02796324 (England and Wales)**

**ARVINMERITOR A&ET LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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29/06/2018 #155  
COMPANIES HOUSE

## **ARVINMERITOR A&ET LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	Mr P Bialy Mr H James Mr J Ramos	(Appointed 23 April 2018)
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<b>Secretary</b>	Mr H James
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<b>Company number</b>	02796324
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<b>Registered office</b>	Grange Road Cwmbran Gwent NP44 3XU
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<b>Auditor</b>	Deloitte LLP Cardiff Wales United Kingdom
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## **ARVINMERITOR A&ET LIMITED**

### **CONTENTS**

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	<b>Page</b>
Directors' report	1
Directors' responsibilities statement	2
Independent auditor's report	3 - 5
Profit and loss account	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 17

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# ARVINMERITOR A&ET LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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The directors present their annual report and financial statements for the year ended 30 September 2017.

### Principal activities

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. During the current year the company has continued to manage the discharge of the remaining liabilities of the business. The directors expect this activity to continue for the foreseeable future.

### Directors

The directors who served throughout the year except as noted were as follows:

Mr P Bialy

Mr H James

Mr M Schaitkin

(Resigned 23 April 2018)

Mr J Ramos

(Appointed 23 April 2018)

### Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2016 - 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.

### 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 directors 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.

On behalf of the board



Mr H James

Director

Date: 27 June 2018

## **ARVINMERITOR A&ET LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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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 MEMBERS OF ARVINMERITOR A&ET LIMITED**

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#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit 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 of Arvinmeritor A&ET Limited (the 'company') 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 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.

## **ARVINMERITOR A&ET LIMITED**

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

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#### **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.

#### **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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **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.

**ARVINMERITOR A&ET LIMITED**

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

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**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 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.

*David Hedditch*

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

**Statutory Auditor**

*29 June 2018*

Cardiff  
Wales  
United Kingdom



**ARVINMERITOR A&ET LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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		<b>2017</b>	<b>2016</b>
	<b>Notes</b>	<b>£ 000</b>	<b>£ 000</b>
Administrative expenses		(165)	(103)
Interest receivable and similar income	<b>5</b>	2,773	-
Interest payable and similar expenses	<b>6</b>	(2,457)	(13,069)
<b>Profit/(loss) before taxation</b>	<b>3</b>	151	(13,172)
Tax on profit/(loss)	<b>7</b>	-	-
<b>Profit/(loss) for the financial year</b>		151	(13,172)

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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 30 SEPTEMBER 2017**

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	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Profit/(loss) for the year</b>	151	(13,172)
<b>Other comprehensive income/(expense)</b>		
Actuarial gain/(loss) on post retirement medical benefit plan	9	(140)
<b>Total comprehensive income/(expense) for the year</b>	<u>160</u>	<u>(13,312)</u>


**ARVINMERITOR A&ET LIMITED**

**BALANCE SHEET**

**AS AT 30 SEPTEMBER 2017**

		2017		2016	
	Notes	£ 000	£ 000	£ 000	£ 000
<b>Current assets</b>					
Debtors	9	40		-	
<b>Creditors: amounts falling due within one year</b>	10	(230)		(9)	
<b>Net current liabilities</b>			(190)		(9)
<b>Creditors: amounts falling due after more than one year</b>	11		(82,353)		(82,668)
<b>Provisions for liabilities</b>	12		(823)		(849)
<b>Net liabilities</b>			<u>(83,366)</u>		<u>(83,526)</u>
<b>Capital and reserves</b>					
Called up share capital	14		14,309		14,309
Profit and loss reserves			<u>(97,675)</u>		<u>(97,835)</u>
<b>Total equity</b>			<u>(83,366)</u>		<u>(83,526)</u>

The financial statements were approved by the board of directors and authorised for issue on 27 Sep 2018 and are signed on its behalf by:



Mr H James  
Director

Company Registration No. 02796324

**ARVINMERITOR A&ET LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Share capital	Profit and loss reserves	Total
	£ 000	£ 000	£ 000
<b>Balance at 1 October 2015</b>	14,309	(84,523)	(70,214)
<b>Year ended 30 September 2016:</b>			
Loss for the year	-	(13,172)	(13,172)
Other comprehensive expense:			
Actuarial losses on post-retirement medical benefit plan	-	(140)	(140)
Total comprehensive expense for the year	-	(13,312)	(13,312)
<b>Balance at 30 September 2016</b>	14,309	(97,835)	(83,526)
<b>Year ended 30 September 2017:</b>			
Profit for the year	-	151	151
Other comprehensive income:			
Actuarial gains on post-retirement medical benefit plan	-	9	9
Total comprehensive income for the year	-	160	160
<b>Balance at 30 September 2017</b>	14,309	(97,675)	(83,366)

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 30 SEPTEMBER 2017

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#### 1 Accounting policies

##### Company information

Arvinmeritor A&ET Limited is a private company limited by shares incorporated in England and Wales. The registered office is Grange Road, Cwmbran, Gwent, NP44 3XU.

#### 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, 48084-7186 USA.

The company's accounting reference date is 30 September; the company has taken advantage of the provisions of the Companies Act 2006 (s390(3)) so that its actual financial year end was 1 October (2016: 2 October).

## ARVINMERITOR A&ET LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The accounts show that the company has net current liabilities of £190,000, liabilities due after more than one year of £82.4 million and net liabilities of £83.4 million as at 30 September 2017.

The company meets its day-to-day working capital requirements through inter-company loans. Long-term inter-company loans of £82.5 million are repayable in May 2020.

The company is party to a group cash pooling arrangement with certain fellow subsidiaries. Consequently, the company is reliant upon the provision of cash from the pool lead company, ArvinMeritor Finance Ireland ("AFI"), in order to meet its day to day working capital requirements. The directors have prepared cash flow forecasts for a period of 12 months from the date of signing these financial statements which they feel reflect the impact of all reasonable scenarios. As a result, they expect the company to be able to operate within the limits of its working capital from AFI of £89,000 at 30 September 2017 (2016 - £9,000) as part of the cash pooling arrangement. The directors have considered the ability of AFI to provide this funding in forming their conclusion.

AFI is, in turn, reliant upon funding from Meritor, Inc., the ultimate parent company and therefore its liquidity is entirely dependent upon the liquidity of Meritor, Inc. The following key liquidity metrics have been taken from the Meritor, Inc. 10-K Annual Report for the year ended 30 September 2017:

- cash and cash equivalents on hand at 30 September 2017 of \$88 million (2016 – \$160 million);
- total debt at 30 September 2017 of \$1,038 million (2016 – \$996 million); and
- total available sources of on- and off-balance sheet credit at 30 September 2017 of \$1,020 million, of which \$542 million is unused (2016 – \$979 million, of which \$579 million unused).

At 30 September 2017, Meritor, Inc. had access to a \$525 million revolving credit facility, which was stated to mature in March 2022. The availability under this facility is dependent upon various factors, including principally the performance of Meritor, Inc. against certain financial covenants.

As a consequence, the directors believe that ArvinMeritor A&ET Limited has adequate resources to continue in operational existence for the foreseeable future and therefore conclude that it is appropriate to continue to adopt the going concern assumption in preparing the financial statements.

##### 1.3 Cash at bank and in hand

Cash at bank and in hand 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.

##### Basic financial assets

Basic financial assets, which include debtors and cash 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.

## ARVINMERITOR A&ET LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

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#### 1 Accounting policies

(Continued)

##### **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 direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.6 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.7 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.

## ARVINMERITOR A&ET LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

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#### 1 Accounting policies

(Continued)

##### 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.

#### 1.8 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.

#### 1.9 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.

##### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### Liability for post retirement benefits

The board has determined that the company has no outstanding liability associated with the obligation in relation to the retirement benefit scheme.

The company has also provided post-retirement medical benefits; as set out in note 11, the company's liability in relation to these benefits is based on the directors' best estimate of future healthcare costs for ex-directors.



**ARVINMERITOR A&ET LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017****3 Profit/(loss) before taxation**

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
This is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	5	7
	<u>5</u>	<u>7</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to ££2,727,000 gain (2016 - £11,256,000 loss).

**4 Directors' remuneration**

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**

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Interest income</b>		
Gain on translation of amounts owed to group undertaking	2,773	-
	<u>2,773</u>	<u>-</u>

**6 Interest payable and similar expenses**

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on inter-company loans	2,437	1,786
<b>Other finance costs:</b>		
Interest on post-retirement medical benefit liability	20	27
Loss on translation of amounts owed to group undertakings	-	11,256
	<u>2,457</u>	<u>13,069</u>

**ARVINMERITOR A&ET LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**7 Taxation**

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

	2017 £ 000	2016 £ 000
Profit/(loss) before taxation	151	(13,172)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.50% (2016: 20.00%)	29	(2,634)
Tax effect of utilisation of tax losses not previously recognised	(32)	2,637
Short term timing differences	(2)	(2)
Transfer pricing adjustments	-	(1)
Expenses not deductible	5	-
Taxation charge for the year	-	-

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.

**8 Financial instruments**

	2017 £ 000	2016 £ 000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	40	-
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	82,583	82,677

**9 Debtors**

	2017 £ 000	2016 £ 000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	40	-

**10 Creditors: amounts falling due within one year**

	2017 £ 000	2016 £ 000
Amounts due to group undertakings	221	-
Accruals and deferred income	9	9
	230	9

**ARVINMERITOR A&ET LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**11 Creditors: amounts falling due after more than one year**

	2017 £ 000	2016 £ 000
Amounts due to group undertakings	82,353	82,668

Amounts owed to group undertakings are repayable in full during March 2022 and carry interest at 12-month LIBOR rate plus 2%.

**12 Provisions for liabilities**

	2017 £ 000	2016 £ 000
Post-retirement medical benefit	823	849

Movements on provisions:

	Post-retirement medical benefit £ 000
At 1 October 2016	849
Premium payments	(37)
Other finance income	20
Actuarial losses	(9)
At 30 September 2017	823

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.

**13 Deferred taxation**

A deferred tax asset of £8,546,636 (2016 - £8,966,605) 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 2017 £ 000	Assets 2016 £ 000
<b>Balances:</b>		
Tax losses	8,407	8,822
STTDs - trading	140	145
	8,547	8,967

**ARVINMERITOR A&ET LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017****14 Called up share capital**

	2017 £ 000	2016 £ 000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
14,309,000 ordinary shares of £1 each	14,309	14,309
	<u>14,309</u>	<u>14,309</u>

**15 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 30 September 2017 the Scheme had a surplus of £99.1 million (2016 - £85.1 million).

**16 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 2135 West Maple Road, Troy, Michigan, 48084-7186 USA. They can also be downloaded from the website [www.meritor.com](http://www.meritor.com).