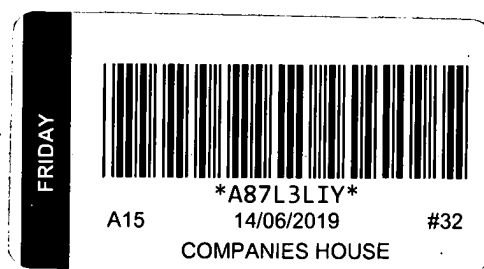


Company Registration Number 02987272

**WALKER LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2018**



# **WALKER LIMITED**

## **DIRECTORS REPORT AND FINANCIAL STATEMENTS**

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**WALKER LIMITED**

**DIRECTORS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

G L Biggs (resigned 30 June 2018)

C Jones

S K Evans (appointed 30 June 2018)

**REGISTERED OFFICE**

7 Albermarle Street  
London W1S 4HQ

**BANKERS**

Citibank N.A. London Branch

**SOLICITORS**

Eversheds Sutherland,  
One Callaghan Square,  
Cardiff.  
CF10 5BT

**INDEPENDENT AUDITORS**

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

## **WALKER LIMITED**

### **STRATEGIC REPORT**

The directors present their strategic report on the affairs of the Company for the year ended 31 December 2018.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the Company is that of a holding company, with investments held in Tenneco Inc. UK group companies, for whom there is some provision of services.

The directors consider that the financial position of the Company at the year-end was satisfactory and anticipate the Company will continue on this basis for the foreseeable future.

### **STRATEGY AND FUTURE DEVELOPMENTS**

The Company is an intermediate holding company. As such the directors do not expect any significant changes in the financial position of the Company for the foreseeable future.

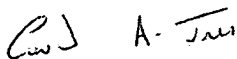
### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and execution of the 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. Business risks are reviewed regularly by the directors of the group and appropriate processes are put in place to monitor and mitigate their impact.

### **KEY PERFORMANCE INDICATORS**

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

The strategic report of Walker Limited was approved by the board of directors and signed on its behalf on 30<sup>th</sup> May 2019.



C A Jones  
Director

## **WALKER LIMITED**

### **DIRECTORS' REPORT**

The directors present their report on the affairs of the Company, together with the audited financial statements and independent auditors' report, for the year ended 31 December 2018.

### **RESULTS AND DIVIDENDS**

No dividends have been recommended for payment by the directors during or in respect of the financial year (2017 - £nil).

### **FUTURE DEVELOPMENTS**

As first announced in the second quarter of 2018, Federal-Mogul LLC was acquired by Tenneco Inc on 1 October 2018. The acquisition accelerates long term value creation by creating two product-focused, purpose-built industry leaders in their respective markets. The planned separation of the combined business into two independent, publicly traded companies through a tax-free spin-off to shareholders will establish an 'Aftermarket and Ride Performance' company and a 'Power train' technology company. The aftermarket and ride performance company will launch in the second half of 2019. This new organisation "DR1V" will trade in after-market parts and ride performance equipment.

As such, Walker Limited will transfer its investment in the aftermarket and ride performance subsidiaries – Tenneco Automotive UK Limited and Tenneco Management (Europe) Limited - to the new DR1V organisation.

### **DIRECTORS**

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

G L Biggs	(resigned 30 June 2018)
C A Jones	
S K Evans	(appointed 30 June 2018)

### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **FINANCIAL RISK MANAGEMENT POLICIES**

The directors have reviewed the financial risk management objectives and policies of the Company. The Company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. The directors do not consider there to be any material financial risks. Liquidity risk is managed at a Tenneco group level.

## **WALKER LIMITED**

### **DIRECTORS' REPORT**

#### **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 2018 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.

#### **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 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 s418 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.

## WALKER LIMITED

### DIRECTORS' REPORT

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

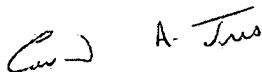
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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.

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



C A Jones  
Director

30<sup>th</sup> May 2019

## WALKER LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WALKER LIMITED

## Report on the audit of the financial statements

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### Opinion

In our opinion, Walker Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.



## WALKER LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WALKER LIMITED

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

##### *Auditors' 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 auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

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.

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### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jonathan Bound (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

31 May 2019

## WALKER LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Administrative expenses	4	(15)	(285)
Release of impairment provision	6	31,500	6,798
<b>Operating profit</b>		<u>34,985</u>	<u>6,513</u>
Finance income	5	131	71
Loss on disposal of Investment	6	-	(2,222)
<b>Profit before income tax</b>	7	<u>31,616</u>	<u>4,362</u>
Income tax expense	7	-	(2)
<b>Profit for the financial year</b>		<u><u>31,616</u></u>	<u><u>4,360</u></u>
<b>Total comprehensive income for the year</b>		<u><u>31,616</u></u>	<u><u>4,360</u></u>

All results arose from continuing operations.

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

# WALKER LIMITED


## STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Investments	8	103,214	71,714
<b>Current assets</b>			
Trade and other receivables	9	11	19
Cash and cash equivalents		7,130	7,009
		7,141	7,028
<b>Trade and other payables: Amounts falling due within one year</b>	10	(8)	(11)
<b>Net current assets</b>		7,133	7,017
<b>Total assets less current liabilities</b>		110,347	78,731
<b>Equity</b>			
Called up share capital	11	15	15
Share premium account		40,690	40,690
Capital contribution		40,000	40,000
Merger reserve		10,964	28,362
Retained earnings/(accumulated losses)		18,678	(30,336)
<b>Total equity</b>		110,347	78,731

The financial statements on pages 8 to 20 of Walker Limited, registered number 02987272, were approved by the Board of Directors and authorised for issue on 30<sup>th</sup> May 2019.

Signed on behalf of the Board of Directors



C A Jones  
Director

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

**WALKER LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2018**

	<b>Called up Share Capital</b>	<b>Share premium account</b>	<b>Capital Contribution</b>	<b>Merger Reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance as at 1 January 2017	15	40,690	40,000	28,362	(34,696)	74,371
Profit for the year	-	-	-	-	4,360	4,360
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,360</b>	<b>4,360</b>
Balance as at 31 December 2017	15	40,690	40,000	28,362	(30,336)	78,731
Profit for the year	-	-	-	-	31,616	31,616
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,616</b>	<b>31,616</b>
Transfer between reserves	-	-	-	(17,398)	17,398	-
<b>Balance as at 31 December 2018</b>	<b>15</b>	<b>40,690</b>	<b>40,000</b>	<b>10,964</b>	<b>18,678</b>	<b>110,347</b>

The merger reserve arose in 1997 when the Company acquired certain subsidiaries and the new share capital issued was lower than the carrying value that the subsidiaries were recorded within Investments. During the year an exercise has been undertaken to review the remaining merger reserve in light of the impairments made against these subsidiaries. As a result an amount of £17,398,000 has been transferred from the merger reserve into retained earnings.

## WALKER LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

#### 1. GENERAL INFORMATION

Walker Limited ("the Company") is a private company limited by shares and it is incorporated and domiciled in the United Kingdom. The address of its registered office is 7 Albemarle Street, London WHS 4HQ. The registered number of the Company is 02987272.

The principal activity of the Company is that of a holding company, with investments held in Tenneco Inc. UK group companies, for whom there is some provision of services.

#### 2. STATEMENT OF COMPLIANCES

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### 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.

##### **Basis of preparation**

These financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

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 policy "Critical accounting judgements and key sources of estimation uncertainty" included within this note.

##### **Going concern**

The Company is a holding company with a minimal cost base and is financed through cash held at bank of £7,130,000 (2017: £7,009,000). The directors have considered the Company's ability to settle its liabilities as they fall due and have concluded that the Company has adequate resources. At the time of approving the financial statements, and after making enquiries and taking account of the factors noted above, the directors believe that the Company should continue to adopt the going concern basis in preparing the financial statements.

##### **Group financial statements**

The financial statements contain information about Walker Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption from preparing consolidated financial statements available under section 401 of the Companies Act 2006, on the grounds that it is a wholly owned subsidiary of Tenneco Inc. which prepares publicly available consolidated financial statements that incorporate the results of the Company. See note 13 for further details.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

3. ACCOUNTING POLICIES (CONTINUED)

**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. The Company 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 following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

**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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 December 2018**

**3. ACCOUNTING POLICIES (CONTINUED)**

**Impairment of non-financial assets**

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

**Investments**

*i) Investment in subsidiary company*

Investment in subsidiary company is held at cost less accumulated impairment losses.

*ii) Investment in jointly controlled entities*

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity.

Investment in jointly controlled entities is held at cost less accumulated impairment losses.

**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.

During the year, Tenneco Inc provided a guarantee to the company for amounts deposited with Citibank N A Pool and given in pledge against bank borrowings by undertakings within the Tenneco group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

3. ACCOUNTING POLICIES (CONTINUED)

**Financial instruments**

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

*i) Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in statement of comprehensive income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

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.

*ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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.

The Company does not hold or issue derivative financial instruments.

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



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**3. ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

*iii) Offsetting*

Financial assets and liabilities are offset and 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.

**Critical accounting judgements and key sources of estimation uncertainty**

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. 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.

*Impairment of investments*

The company considers whether investments are impaired. This requires consideration of the financial position and financial performance of its various subsidiary companies and where appropriate the estimation of future revenues and cash flows that are forecast to be generated by the subsidiary companies. See note 8 for details of the fixed asset investments.

**4. ADMINISTRATIVE EXPENSES**

	2018 £'000	2017 £'000
Administrative expenses	(15)	(285)

The Company has 3 employees (2017: nil). The directors are remunerated by other related companies and it is not practicable to quantify the directors' services to this company. Accordingly the above details include no emoluments in respect of the directors.

**5. INTEREST RECEIVABLE**

	2018 £'000	2017 £'000
Interest on cash at bank	131	71

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Year ended 31 December 2018

6. PROFIT BEFORE INCOME TAX

	2018 £'000	2017 £'000
<b>Profit before taxation is stated after the following:</b>		
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	7	7
	<u>7</u>	<u>7</u>
Loss on disposal of investment	-	(2,222)
Release of impairment provision	31,500	6,798
	<u>31,500</u>	<u>6,798</u>

7. TAX ON PROFIT

The tax charge comprises:

	2018 £'000	2017 £'000
Current tax		
UK corporation tax	-	-
Adjustment in respect of prior periods	-	(2)
	<u>-</u>	<u>(2)</u>
Total tax (charge) for the year	<u>-</u>	<u>(2)</u>

## WALKER LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

#### 7. TAX ON PROFIT (CONTINUED)

The tax charge for the year is lower than (2017: lower than) that resulting from applying the standard rate of corporation tax in the UK: 19.25% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit before income tax	31,616	4,362
Tax at 19% thereon (2017: 19.25%)	6,007	840
<i>Effects of:</i>		
Non-allowable expenditure	1	49
Release of investment impairment provision	(5,985)	(881)
Unrecognised deferred tax	(23)	(8)
Adjustment in respect of prior periods	-	2
Total tax charge for the year	-	2

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses and capital losses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised at a rate of 17% (2017: 17%) is £2,358,000 (2017: £2,382,000). For the asset to be recovered, suitable profits against which the assets could be offset would need to be realised.

The amounts of unrecognised deferred tax assets are shown below.

	2018 £'000	2017 £'000
Tax losses carried forward	95	119
Capital losses carried forward	2,263	2,263
	2,357	2,382

#### Factors that may affect 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 from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. Subsequently, 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. Therefore the standard rate of corporation tax for the year ended 31 December 2018 is 19% (2017: 19.25%).

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

**WALKER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018****8. INVESTMENTS****Subsidiary undertakings**

	2018 £'000	2017 £'000
<b>Cost</b>		
At 1 January	146,987	146,987
Impairment provision brought forward	(75,273)	(75,273)
Release of impairment provision	31,500	-
Impairment provision carried forward	<u>(43,773)</u>	<u>(75,273)</u>
<b>Net book value</b>	<u>103,214</u>	<u>71,714</u>

The Company's subsidiary undertakings, all of which are wholly owned through 100% holdings of their respective issued ordinary share capital, are as follows:

<b>Directly owned</b>	<b>Country of registration</b>	<b>Principal activities</b>	<b>Net Book Value (£'000)</b>
Tenneco Automotive UK Limited	England & Wales	Investment and service provision to Tenneco group companies	34,249
Tenneco Management (Europe) Limited	England & Wales	Provision of financing and foreign exchange management facilities for companies within the Tenneco group	30,965
Tenneco-Walker (U.K.) Limited	England & Wales	Manufacture and sale of exhaust systems	38,000

The registered address of Tenneco Automotive UK Limited and Tenneco Management (Europe) Limited is 7 Albemarle Street, London W1S 4HQ. The registered address of Tenneco-Walker (U.K.) Limited is 21 Holborn Viaduct, London EC1A 2DY.

During the year ended 31 December 2018, £31,500,000 of the impairment provision relating to the investment in Tenneco Walker (UK) Limited was released to reflect the underlying net assets of that entity.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**9. TRADE AND OTHER RECEIVABLES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Amounts owed by group undertakings	11	9
Amounts owed by third parties		
- Other receivables	-	10
	<u>11</u>	<u>19</u>

**10. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to third parties		
- Other payables	8	11
	<u>8</u>	<u>11</u>

**11. CALLED UP SHARE CAPITAL**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<i>Allotted, issued, and fully-paid</i>		
15,000 (2017 – 15,000) ordinary shares of £1 each	15	15
	<u>15</u>	<u>15</u>

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

**12. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 (“Related party transactions”) which does not require disclosure of transactions between a subsidiary undertaking and other group undertakings 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.

## **WALKER LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 December 2018**

#### **13. ULTIMATE PARENT AND CONTROLLING PARTY**

The Company's immediate parent company is TILSA, an entity incorporated in the Netherlands.

The Company's ultimate parent Company and ultimate controlling party is Tenneco Inc. which is incorporated in the State of Delaware, the United States of America.

The only group in which the results of the Company and its subsidiary undertakings 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 Tenneco Lake Forest, Illinois, USA.

Tenneco Inc. is the parent of the smallest and largest group to consolidate these financial statements of which the Company is a member.