

Edgar Filing: MERITOR INC - Form 10-K/A

MERITOR INC

Form 10-K/A

December 14, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A (Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended September 27, 2015

Commission file number 1-15983

MERITOR, INC.

(Exact name of registrant as specified in its charter)

Indiana

38-3354643

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

2135 West Maple Road

48084-7186

Troy, Michigan

(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code: (248) 435-1000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class

Name of each exchange on which registered

Common Stock, \$1 Par Value

New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding twelve months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant on March 27, 2015 (the last business day of the most recently completed second fiscal quarter) was approximately \$1,163,098,759.

91,329,815 shares of the registrant's Common Stock, par value \$1 per share, were outstanding on December 10, 2015.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information contained in the definitive Proxy Statement for the Annual Meeting of Shareowners of the registrant to be held on January 28, 2016 is incorporated by reference into Part III.

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EXPLANATORY NOTE - AMENDMENT

Meritor, Inc. ("Meritor") is filing this Amendment No.1 on Form 10-K/A (this "Form 10-K/A") to include in its Annual Report on Form 10-K for the fiscal year ended September 27, 2015 (the "Annual Report"), pursuant to Rule 3-09 of Regulation S-X under the Securities Exchange Act of 1934, financial statements and related notes of Meritor WABCO Vehicle Control Systems ("MWVCS") in which Meritor owns a 50% interest.

Rule 3-09 of Regulation S-X provides that if a 50% or less-owned person accounted for by the equity method meets the first or third condition of the significant subsidiary tests set forth in Rule 1-02(w) of Regulation S-X, substituting 20% for 10%, separate annual financial statements for such 50% or less-owned person corresponding to the periods covered by the financial statements of Meritor included in the Annual Report shall be filed. Such statements are required to be audited only for the years in which such person met such test. If the 50 percent or less owned person is not an accelerated filer, the required financial statements may be filed as an amendment to the report.

Meritor has included in this Form 10-K/A the audited financial statements of MWVCS for the 2015, 2014 and 2013 fiscal years. MWVCS, which is not an accelerated filer, met the significance test for the 2015 and 2013 fiscal years and Meritor is required to file audited financial statements of MWVCS as of and for the fiscal years ended September 27, 2015 and September 29, 2013. MWVCS did not meet the significance test for fiscal year 2014, therefore, MWVCS statements are required to be included for that period but are not required to be audited. However, MWVCS was audited for the 2014 fiscal year and as those audited statements are available they are included in this Form 10-K/A as audited.

Item 15 is the only portion of the Annual Report being supplemented or amended by this Form 10-K/A. Additionally, in connection with the filing of this Form 10-K/A and pursuant to SEC rules, Meritor is including the consent of the independent auditors of MWVCS and currently dated certifications. This Form 10-K/A does not otherwise update any exhibits as originally filed and does not otherwise reflect events occurring after the original filing date of the Annual Report. Accordingly, this Form 10-K/A should be read in conjunction with Meritor's filings with the SEC subsequent to the filing of the Annual Report.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Financial Statements, Financial Statement Schedules and Exhibits.

(1) Financial Statements.

Meritor

The following financial statements and related notes were filed as part of the Annual Report filed with the SEC on November 18, 2015 (all financial statements listed below are those of the company and its consolidated subsidiaries):

Consolidated Statement of Operations, years ended September 30, 2015, 2014 and 2013.

Consolidated Statement of Comprehensive Income (Loss), years ended September 30, 2015, 2014 and 2013.

Consolidated Balance Sheet, September 30, 2015 and 2014.

Consolidated Statement of Cash Flows, years ended September 30, 2015, 2014 and 2013.

Consolidated Statement of Equity (Deficit), years ended September 30, 2015, 2014 and 2013.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

Meritor WABCO Vehicle Control Systems

The following financial statements and related notes of Meritor WABCO Vehicle Control Systems are included in this Amendment No. 1 on Form 10-K/A pursuant to Rule 3-09 of Regulation S-X:

Balance Sheets, September 30, 2015 and 2014.

Statements of Net Income, years ended September 30, 2015, 2014 and 2013.

Statement of Cash Flows, years ended September 30, 2015, 2014 and 2013.

Independent Auditors' Report.

Meritor WABCO Vehicle Control Systems

Financial Statements

as of

September 30, 2015 and 2014, and for the Years Ended September 30, 2015, 2014, and 2013 , and Independent Auditors' Report

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## INDEPENDENT AUDITORS' REPORT

To Meritor WABCO Vehicle Control Systems:

We have audited the accompanying financial statements of Meritor WABCO Vehicle Control Systems (the "Company"), which comprise the balance sheets as of September 30, 2015 and 2014, and the related statements of net income and cash flows for each of the three years in the period ended September 30, 2015, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2015 and 2014, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP  
DELOITTE & TOUCHE LLP

Detroit, Michigan  
December 14, 2015

MERITOR WABCO VEHICLE CONTROL SYSTEMS  
BALANCE SHEETS AS OF SEPTEMBER 30, 2015 AND 2014

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$4,414,628	\$4,982,861
Accounts Receivable:		
Trade -- net of allowance for doubtful accounts of \$35,283 and \$40,765 as of September 30, 2015 and 2014, respectively	30,182,012	24,904,495
Related parties:		
Meritor Brake Systems, Inc.	9,643,726	7,053,900
WABCO Automotive Control Systems, Inc.	335,184	659,191
Inventories	47,794,531	39,818,161
Prepaid and other current assets	171,362	235,190
Total current assets	92,541,443	77,653,798
<b>PROPERTY AND EQUIPMENT:</b>		
Machinery and equipment	5,575,093	5,495,053
Autos and trailers	2,022,947	1,588,793
Furniture and fixtures	5,717,713	5,415,161
Facility improvements	1,344,863	1,341,263
Construction in progress	351,371	15,660
Total Property and equipment	15,011,987	13,855,930
Less accumulated depreciation	(12,625,802 )	(11,697,540 )
Property and equipment - net	2,386,185	2,158,390
<b>OTHER ASSETS - Warranty recoveries:</b>		
Vendor responsibility	48,757	50,921
WABCO Automotive Control Systems, Inc.	3,491,458	4,796,653
<b>TOTAL</b>	<b>\$98,467,843</b>	<b>\$84,659,762</b>

**LIABILITIES AND PARTNERS' CAPITAL**

**CURRENT LIABILITIES:**

Accounts payable:		
Trade	\$4,679,131	\$2,644,266
Related parties:		
Meritor Brake Systems, Inc.	4,741,393	4,653,970
WABCO Automotive Control Systems, Inc.	32,532,869	29,174,005
Accrued liabilities:		
Warranty and policy	6,944,104	7,212,620
Compensation	1,268,021	1,673,900
Customer incentives	616,396	675,612
Other	880,524	1,942,825
Total current liabilities	51,662,438	47,977,198

**CONTINGENCIES AND COMMITMENTS (Note 7)**

OTHER LIABILITIES - Warranty and policy	5,631,493	6,618,048
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