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MERITOR INC

Form 10-K/A

June 02, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A (Amendment no. 2)

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

(Address of principal executive offices)

(Zip Code)

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

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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.

89,214,932 shares of the registrant's Common Stock, par value \$1 per share, were outstanding on May 31, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the Proxy Statement for the Annual Meeting of Shareowners of the registrant held on January 28, 2016 is incorporated by reference into Part III of the Annual Report on Form 10-K for the fiscal year ended September 27, 2015.

EXPLANATORY NOTE - AMENDMENT

Meritor, Inc. (the “company” or “Meritor”) is filing this Form 10-K/A (Amendment No. 2) 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 Master Sistemas Automotivos Ltda. (“MSA” or “Master”), an unconsolidated joint venture incorporated in Brazil in which the company owns an interest. Meritor owns a 49% interest in MSA (directly).

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), substituting 20% for 10%, separate financial statements for such 50% or less owned person shall be filed. Such statements are required to be audited only in the years in which such person met such test.

MSA met the significance test for Meritor's 2013 fiscal year. Therefore, Meritor is required to file audited financial statements as of and for the fiscal year ended December 31, 2013 (“2013”) and the company has included in this Amendment No. 2 on Form 10-K/A the required audited financial statements for the 2013 fiscal year. MSA did not meet such significance test for Meritor's fiscal years 2015 and 2014. Therefore, Meritor is only required to file unaudited financial statements as of and for the fiscal years ended December 31, 2015 (“2015”) and December 31, 2014 (“2014”) and the company has included in this Amendment No. 2 on Form 10-K/A the required unaudited financial statements for the 2015 and 2014 fiscal years.

Effective January 1, 2009, Brazil adopted International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements of MSA for 2015, 2014, and 2013 have been prepared in accordance with IFRS as issued by the IASB. Reconciliations between IFRS as issued by the IASB and U.S. GAAP are not required pursuant to SEC Release numbers 33-8879 and 34-57026.

Item 15 is the only portion of the Annual Report being supplemented or amended by this Amendment No. 2 on Form 10-K/A. Additionally, in connection with the filing of this Amendment No. 2 on Form 10-K/A and pursuant to SEC rules, Meritor is including the consents of the independent auditors of MSA and currently dated certifications. This Amendment No. 2 on Form 10-K/A does not otherwise update any exhibits as originally filed, except for Exhibits 3-b-1, 10-a-5, 10-a-6, 10-b-2, 10-b-3, 10-b-4, 10-c-3, and 23-e, and does not otherwise reflect events occurring after the original filing date of the Annual Report. Accordingly, this Amendment No. 2 on 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 were filed as part of Amendment No. 1 on Form 10-K/A to the Annual Report filed with the SEC on December 14, 2015 (the "2015 10-K/A") pursuant to Rule 3-09 of Regulation S-X:

Balance Sheets, September 30, 2015 (Audited) and 2014 (Audited).

Statements of Net Income and Cash Flows, years ended September 30, 2015 (Audited), 2014 (Audited), and 2013 (Audited).

Independent Auditors' Report.

Master Sistemas Automotivos Ltda.

The following financial statements and related notes of Master Sistemas Automotivos Ltda. are included in this Amendment No. 2 on Form 10-K/A pursuant to Rule 3-09 of Regulation S-X:

Balance Sheets, December 31, 2015 (Unaudited) and 2014 (Unaudited).

Statements of Income, Comprehensive Income, Changes in Shareholders' Equity, and Cash Flows, years ended December 31, 2015 (Unaudited) 2014 (Unaudited), and 2013 (Audited).

Independent Auditors' Report.

Master Sistemas Automotivos Ltda.

Financial Statements

For the Years

Ended December 31, 2015 (Unaudited), 2014 (Unaudited), and 2013 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Master Sistemas Automotivos Ltda.
Caxias do Sul, RS

We have audited the accompanying financial statements of Master Sistemas Automotivos Ltda. (the "Company"), which comprise the related statements of income, comprehensive income, changes in shareholder's equity, and cash flows for the year ended December 31, 2013 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 the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) 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 results of operations of Master Sistemas Automotivos Ltda. and its cash flows for the year ended December 31, 2013 in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Other-matter paragraph

The financial statements comprising the balance sheet as at December 31, 2015 and 2014, and the related statements of income, comprehensive income, changes in equity and cash flows for the years then ended were not audited by us and consequently we do not express an opinion on them.

April 30, 2014

/s/ DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU
Auditors Independentes

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MASTER SISTEMAS AUTOMOTIVOS LTDA.

BALANCE SHEETS AS OF DECEMBER 31, 2015 (UNAUDITED) AND 2014 (UNAUDITED)

(In thousands of Brazilian reais - R\$)

ASSETS	Note	12/31/2015	12/31/2014
CURRENT ASSETS			
Unaudited			
Cash and cash equivalents	4	160,091	176,274
Short-term investments not immediately redeemable	5	37,707	18,546
Trade receivables	6	14,142	28,989
Recoverable taxes	7	6,216	7,231
Inventories	8	27,169	41,937
Prepaid expenses		1,660	481
Other receivables		534	684
Total current assets		247,519	274,142
NON-CURRENT ASSETS			
Recoverable taxes	7	1,532	609
Retirement benefit plan	14	363	140
Escrow deposits		707	642
Other investments		16	26
Property, plant and equipment	10	90,638	90,027
Intangible assets	11	6,852	8,235
Total non-current assets		100,108	99,679
TOTAL ASSETS		347,627	373,821
LIABILITIES AND SHAREHOLDERS' EQUITY	Note	12/31/2015	12/31/2014
CURRENT LIABILITIES			
Unaudited			
Trade payables		3,780	11,991
Borrowings and financing	12	15,853	2,767
Taxes and contributions payable		2,814	3,441
Salaries payable		237	892
Accrued vacation and related taxes		790	2,438
Dividends and interest on capital payable	18	4,176	30,992
Employee and management profit sharing		784	2,805
Advances from customers		1,807	598
Amounts due to related parties	13	150	150
Other payables		4,257	3,648
Total current liabilities		34,648	59,722
NON-CURRENT LIABILITIES			
Borrowings and financing	12	177,644	181,154
Amounts due to related parties	13	452	602
Provision for tax, social security and labor risks	15	466	340
Contributions payable		842	1,512
Deferred taxes	21	5,779	5,427
Other payables		40	165
Total non-current liabilities			