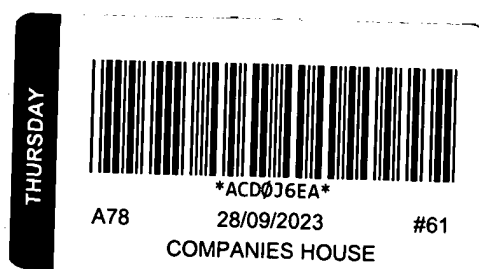


LucasVarity

Strategic report, directors' report and financial statements  
for the year ended 31 December 2022

Registered number: 3207774



**Strategic report, directors' report and financial statements  
for the year ended 31 December 2022****Contents**

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**Directors and advisers  
for the year ended 31 December 2022**

**Directors**

S M Batterbee  
A S Birk  
B Panaser

**Registered office**

The Hub  
Central Boulevard  
Shirley  
Solihull  
West Midlands  
B90 8BG

**Independent auditors**

Ernst & Young LLP  
No. 1 Colmore Square  
Birmingham  
B4 6HQ

## **Strategic Report for the year ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

### **Principal activities**

The company operates as a part of the ZF Friedrichshafen AG (ZF) group of companies, the ZF group. ZF Friedrichshafen AG ranks among the world's largest and most diversified suppliers of automotive systems, modules and components to global automotive original equipment manufacturers (OEMs) and related aftermarket. The operations of the ZF group primarily encompass the design, manufacture and sale of active and passive safety related products. The ZF group of companies are primarily Tier 1 suppliers, with a very large proportion of its end-customer sales made to major OEMs.

The company is an intermediate holding company within the ZF group and will continue in this capacity for the foreseeable future.

### **Principal risks and uncertainties**

The principal risk for the company are the uncertainties associated with the results of its direct and indirect subsidiary undertakings. These vary, but as with any trading business are principally affected by the prevailing automotive climate. Accordingly, the principal risks and uncertainties of the ZF Group, which include those of the company, are discussed in the group annual report (pages 117 to 125) which does not form part of this report.

For the company adverse economic conditions can materially affect the carrying value of the company's investment in its subsidiary undertaking. In the directors' opinion the carrying value of ZF Pension Sponsor has reduced and an impairment was considered necessary in the financial year just ended. The subsidiary undertakings, ZF International UK Limited and ZF Pension Sponsor UK Limited are currently stated at a cost of £612.3 million (2021 - £617.0 million). This investment value is considered the key performance indicator of the company.

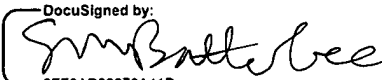
### **Financial risk management**

The company's operations do not expose it to financial risks including the effects of changes in prices, credit risk, liquidity risk and interest rate risk.

### **Key performance indicators (KPIs)**

Given the principal activity of the company is to act as a holding company of a UK subsidiary company, the company directors are of the opinion that the analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

By order of the board

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**S M Batterbee**

**Director**

26 September 2023

Registered in England and Wales

Registered number: 3207774

## **Directors' report for the year ended 31 December 2022**

The directors present their annual report and the financial statements of the company for the year ended 31 December 2022.

### **Results and dividends**

The loss for the year is set out in the statement of total comprehensive income on page 9. The directors propose to recommend the payment of a final dividend for 2022 of £157,000,000 amounting to £52.33 per share (2021: nil per share).

In September 2022 Wabco Automotive UK Pension scheme merged with the ZF UK Pension Plan, the company received and made a distribution in specie amounting to £11,451,000 (2021 – nil) relating to the dilution of its subsidiary companies pension scheme asset.

The profit for the financial year of £ 6,752,000 (2021: (loss) £ 77,000,000) has been transferred to reserves.

### **Going Concern**

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern.

The principal activity of the Company is to act as the intermediate holding company of ZF Pensions Sponsor UK Limited and ZF International UK Limited, UK based wholly owned subsidiaries. As of 31 December 2022, Lucas Varity had net assets of £612.5 million (2021 - £617.2 million) and net current assets of £122,000 (2021 - £121,000). There are no business operations in the company and no expected cash outflows, any audit fees are borne by another group company. Accordingly, no stress test has been performed in this relation.

Based on the financial position of the company and the nature of its operations, as detailed above, the directors have concluded it is appropriate to adopt the going concern basis in preparing the annual report and financial statements.

### **Directors**

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

|               |                             |
|---------------|-----------------------------|
| S M Batterbee |                             |
| A M McQueen   | (resigned 14 April 2022)    |
| P R Lakie     | (resigned 14 October 2022)  |
| A S Birk      | (appointed 4 April 2022)    |
| B Panaser     | (appointed 26 October 2022) |

### **Directors' interests**

None of the directors had any declarable interests in shares of any group companies in the United Kingdom at 31 December 2022.

### **Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors against any claim arising from third parties.

### **Post balance sheet event**

In July 2023, the company's subsidiary undertaking ZF International Limited disposed of the shares in ZF Chassis Modules (Solihull) Limited (formerly Autocruise Limited) to ZF Lemforder UK Limited for the face value of £2.

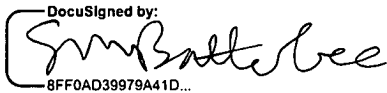
**Directors' report  
for the year ended 31 December 2022 (continued)**

**Disclosure of information to auditors**

Having made the requisite enquiries, so far as the directors in office at the date of the signing of this report are aware, there is no relevant audit information of which the auditors are unaware, and each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the annual general meeting.

By order of the board

DocuSigned by:  
  
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**S M Batterbee**

**Director**

26 September 2023

Registered in England and Wales

Registered number: 3207774

## **Statement of Directors' Responsibilities**

The directors are responsible for preparing the strategic report, directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# **Independent auditors' report to the members of LucasVarity**

## **Opinion**

We have audited the financial statements of LucasVarity for the year ended 31 December 2022 which comprise the Statement of total comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 11 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditors' report to the members of LucasVarity (continued)**

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

### **Matters on which we are required to report by exception**

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

#### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

## **Independent auditors' report to the members of LucasVarity (continued)**

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud. (continued)***

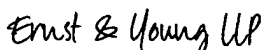
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas. This included reviewing Board of Directors meeting minutes to identify any instances of non-compliance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. We note the Company is an intermediate holding company with minimal transactions within the Company's financial statements during the year and accordingly we concluded there is no risk of material misstatement due to fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved verifying that material transactions are recorded in compliance with FRS 101 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our review of Board of Directors meeting minutes and inquiry of those charged with governance and management to identify any instances of non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

DocuSigned by:



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Stephen Kirk (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
Statutory Auditor  
Birmingham  
Date: 26 September 2023

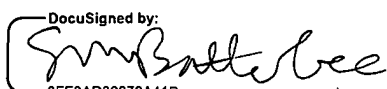
**Statement of total comprehensive income  
for the year ended 31 December 2022**

|                                                             | Notes | 2022<br>£'000 | 2021<br>£'000   |
|-------------------------------------------------------------|-------|---------------|-----------------|
| Administrative expenses                                     |       | -             | -               |
| <b>Operating result - continuing operations</b>             |       | -             | -               |
| Income from subsidiary undertakings                         | 6     | 11,451        | -               |
| Interest receivable and similar income                      | 7     | 1             | -               |
| Impairment of fixed asset investments                       | 5     | (4,700)       | (77,000)        |
| <b>Profit/(loss) on ordinary activities before taxation</b> |       | <b>6,752</b>  | <b>(77,000)</b> |
| Tax on profit/(loss)                                        | 4     | -             | -               |
| <b>Profit/(loss) for the financial year</b>                 |       | <b>6,752</b>  | <b>(77,000)</b> |
| Other comprehensive income                                  |       | -             | -               |
| <b>Total comprehensive profit/(loss) for the year</b>       |       | <b>6,752</b>  | <b>(77,000)</b> |

## Balance sheet as at 31 December 2022

|                                                       | Notes | 2022<br>£'000  | 2021<br>£'000  |
|-------------------------------------------------------|-------|----------------|----------------|
| <b>Fixed assets</b>                                   |       |                |                |
| Investments in subsidiary undertaking                 | 5     | 612,338        | 617,038        |
| <b>Total fixed assets</b>                             |       | <b>612,338</b> | <b>617,038</b> |
| <b>Current assets</b>                                 |       |                |                |
| Amounts owed by parent undertaking                    | 8     | 122            | 121            |
| <b>Total current assets</b>                           |       | <b>122</b>     | <b>121</b>     |
| <b>Creditors: amounts falling due within one year</b> |       |                |                |
| Amounts owed to subsidiary undertakings               |       | -              | -              |
| <b>Net current assets</b>                             |       | <b>122</b>     | <b>121</b>     |
| <b>Total assets less current liabilities</b>          |       | <b>612,460</b> | <b>617,159</b> |
| <b>Net assets</b>                                     |       | <b>612,460</b> | <b>617,159</b> |
| <b>Capital and reserves</b>                           |       |                |                |
| Called up-equity share capital                        | 9     | 60,001         | 60,001         |
| Retained earnings                                     |       | 552,459        | 557,158        |
| <b>Total equity shareholder's funds</b>               |       | <b>612,460</b> | <b>617,159</b> |

The financial statements were approved by the board of directors on 26 September 2023 and were signed on its behalf by:

DocuSigned by:  
  
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 S M Batterbee  
 Director

**Statement of changes in equity  
for the year ended 31 December 2022**

|                                                 | Share<br>Capital | Retained<br>Earnings | Total equity<br>shareholders'<br>funds |
|-------------------------------------------------|------------------|----------------------|----------------------------------------|
|                                                 | £'000            | £'000                | £'000                                  |
| <b>At 1 January 2021</b>                        | <b>60,001</b>    | <b>634,158</b>       | <b>694,159</b>                         |
| Loss for the financial year                     | -                | (77,000)             | (77,000)                               |
| <b>Total comprehensive expense for the year</b> | <b>-</b>         | <b>(77,000)</b>      | <b>(77,000)</b>                        |
| Equity dividends paid                           | -                | -                    | -                                      |
| <b>At 31 December 2021</b>                      | <b>60,001</b>    | <b>557,158</b>       | <b>617,159</b>                         |
|                                                 |                  |                      |                                        |
|                                                 | Share<br>Capital | Retained<br>Earnings | Total equity<br>shareholders'<br>funds |
|                                                 | £'000            | £'000                | £'000                                  |
| <b>At 1 January 2022</b>                        | <b>60,001</b>    | <b>557,158</b>       | <b>617,159</b>                         |
| Profit for the financial year                   | -                | 6,752                | 6,752                                  |
| <b>Total comprehensive income for the year</b>  | <b>-</b>         | <b>6,752</b>         | <b>6,752</b>                           |
| Equity dividends paid                           | -                | -                    | -                                      |
| Distribution in specie                          | -                | (11,451)             | (11,451)                               |
| <b>At 31 December 2022</b>                      | <b>60,001</b>    | <b>552,459</b>       | <b>612,460</b>                         |

## **Notes to the financial statements for the year ended 31 December 2022**

### **1 Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of LucasVarity (the "company") for the year ended 31 December 2022 were authorised for issue by the board of directors on 26 September 2023 and the balance sheet was signed on the board's behalf by S M Batterbee. LucasVarity is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards, and on the historical cost basis except where assets and liabilities are required to be stated at their fair value in accordance with FRS 101.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Consolidated accounts have not been prepared because the company has taken advantage of section 400 of the Companies Act 2006 which exempts the company from the obligation to prepare and deliver group financial statements as it is included in the consolidated accounts of ZF Friedrichshafen AG, a company registered in Germany. These accounts present information about the company and not about its group. The consolidated financial statements of ZF Friedrichshafen AG may be obtained from ZF Friedrichshafen AG, 88038 Friedrichshafen, Germany.

The principal accounting policies adopted by the company are set out in note 2.

### **2 Principal accounting policies**

#### **Basis of accounting**

The accounting policies which follow set out these policies in preparing the financial statements for year ended 31 December 2022.

#### **Accounting convention**

The company has taken advantage of the following disclosure exemptions available under FRS 101:

- (a) the requirements of IAS 7 Statement of Cash Flows;
- (b) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (c) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by such a member;
- (d) the requirements of IAS 8 disclosures in respect of new standards and interpretations that have been issued but are not yet effective; and
- (e) roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16) and intangible assets (IAS 38).

#### **Going Concern**

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern.

The principal activity of the Company is to act as the intermediate holding company of ZF Pensions Sponsor UK Limited and ZF International UK Limited, UK based wholly owned subsidiaries. As of 31 December 2022, Lucas Varity had net assets of £612.5 million (2021 - £617.2 million) and net current assets of £122,000 (2021 - £121,000). There are no business operations in the company and no expected cash outflows, any audit fees are borne by another group company. Accordingly, no stress test has been performed in this relation.

## **Notes to the financial statements for the year ended 31 December 2022 (continued)**

### **2 Principal accounting policies (continued)**

#### **Going Concern (continued)**

Based on the financial position of the company and the nature of its operations, as detailed above, the directors have concluded it is appropriate to adopt the going concern basis in preparing the annual report and financial statements.

#### **Income taxes**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

#### **Fixed asset investments**

Investments in subsidiary undertakings are held at historical cost, less any applicable provision for impairment.

#### **Dividends**

Dividend income is recognised when the company's right to receive payment is established.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 3 Employee information

Other than the directors the company has no employees (2021: none). The directors are remunerated by other entities in the group. There was no remuneration paid to its directors by LucasVarity. The directors' services do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 December 2022.

### 4 Taxation

#### Current tax

| a) Analysis of tax charge in the year                 | 2022  | 2021  |
|-------------------------------------------------------|-------|-------|
|                                                       | £'000 | £'000 |
| UK corporation tax on profit at 19.00% (2021 :19.00%) | -     | -     |
| Foreign withholding taxes                             | -     | -     |
| <b>Total current tax (credit)/charge</b>              | -     | -     |

|                                                                                                 | 2022           | 2021     |
|-------------------------------------------------------------------------------------------------|----------------|----------|
| b) Tax reconciliation                                                                           | £'000          | £'000    |
| Profit/(loss) before taxation                                                                   | <b>6,752</b>   | (77,000) |
| Profit/(loss) multiplied by standard rate of corporation tax in the UK<br>19.00% (2021: 19.00%) | <b>(1,283)</b> | 14,630   |
| Income and expense not taxable net                                                              | <b>1,283</b>   | (14,630) |
| <b>Tax (credit)/charge for the year</b>                                                         | -              | -        |

The Company's profits for this accounting period are taxed at an effective rate of 19.00%. An announcement in the March 2022 budget proposed to increase the main standard rate of corporation tax to 25% effective April 2023. The change has been substantively enacted and the rate has been applied at the balance sheet date.

The company had no provided or unprovided deferred tax at either year-end and as such the rate change has had £nil impact on the Company.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 5 Investments

Investment in subsidiary undertakings

|                                             | £'000   |
|---------------------------------------------|---------|
| Cost and Net Book Value at 1 January 2022   | 617,038 |
| Impairment of fixed asset investment        | (4,700) |
| Cost and Net Book Value at 31 December 2022 | 612,338 |

The directors are of the opinion that the appropriate allocation of the total investment value of £612.3 million is as follows; ZF Pension Sponsor UK Limited £24.5 million; ZF International UK Limited £587.8 million.

The directors have carried out an impairment review of the fixed assets investments in accordance with IAS 36. The impairment review was carried out by comparing investment asset books values with the discount value of forecast future cash flows for all its trading subsidiary undertakings. The forecast future cash flows were arrived at using standard ZF group vehicle build assumptions, with appropriate sensitivities, and were discounted at a rate appropriate to the business. The impairment review identified the carrying value of a subsidiary required the investments in subsidiary undertakings to be impaired by £4,700,000 (2021 - £77,000,000).

All undertakings are wholly owned, except where stated, and the company's interests are in ordinary shares or their equivalent. Interests in undertakings marked \* are held by intermediate undertakings. The nature of the business, the place of incorporation, and countries of operation are as shown below.

Details of the subsidiary company are as follows:

| Name of company                                                             | Nature of business            | Country of registration or incorporation | Percentage of ordinary shares held |
|-----------------------------------------------------------------------------|-------------------------------|------------------------------------------|------------------------------------|
| ZF International UK Limited                                                 | Holding Co.                   | England and Wales                        | 100%                               |
| ZF Pension Sponsor UK Limited                                               | Holding Co.                   | England and Wales                        | 100%                               |
| ZF Automotive UK Limited*                                                   | Automotive component supplier | England and Wales                        | 100%                               |
| ZF Autocruise SAS*                                                          | Automotive component supplier | France                                   | 100%                               |
| Lucas Varity Langzhong Brake Co Limited*                                    | Automotive component supplier | China                                    | 70%                                |
| ZF Automotive Malaysia (M) SDN BHD*<br>(formerly Lucas Varity (M) SDN BHD*) | Automotive component supplier | Malaysia                                 | 99.99%                             |
| ZF Aftermarket Malaysia SDN BHD*<br>(formerly Lucas Automotive SDN BHD*)    | Automotive component supplier | Malaysia                                 | 100%                               |
| ZF Chassis Modules (Solihull) Limited*<br>(formerly ZF Autocruise Limited)  | Dormant                       | England and Wales                        | 100%                               |

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 5 Investments (continued)

| Name of company                      | Nature of business | Country of registration or incorporation | Percentage of ordinary shares held |
|--------------------------------------|--------------------|------------------------------------------|------------------------------------|
| Girling Limited*                     | Dormant            | England and Wales                        | 100%                               |
| Joseph Lucas Limited*                | Non trading        | England and Wales                        | 100%                               |
| TRW Employees Benefit Trust Limited* | Dormant            | England and Wales                        | 100%                               |
| ZF UK Pensions Trust Limited*        | Dormant            | England and Wales                        | 100%                               |
| TRW UK Limited*                      | Non trading        | England and Wales                        | 100%                               |
| TRW Systems Limited*                 | Non trading        | England and Wales                        | 100%                               |
| TRW Steering Systems Limited*        | Dormant            | England and Wales                        | 100%                               |

All subsidiary undertakings which are registered and incorporated in the United Kingdom share the same registered address of The Hub, Central Boulevard, Shirley, Solihull, West Midlands, England, B90 8BG.

The registered address of ZF Autocruise SAS is ZAC Technopole Brest Iroise, Secteur de la Pointe due Diable, Avenue du Technopole 29263, Plouzane, France.

The registered address of Lucas Varity Langzhong Brake Company Limited is No. 16 Xiangyun Road, Economic and Technology Development Zone, Hebei Province, China, 065001

The registered address of ZF Automotive Malaysia (M) SDN BHD is First Avenue, Bandar Utama, 47800, Petaling Jaya, Selangor, Darul Ehsan, Malaysia.

The registered address of ZF Aftermarket Malaysia SDN BHD is PLO 17, Senai Industrial Estate, Johor Darul, 81400 Senai, TAZIM, TAZIM Malaysia.

### 6 Income from subsidiary undertakings

|                                     | 2022<br>£'000 | 2021<br>£'000 |
|-------------------------------------|---------------|---------------|
| Distribution in specie received     | 11,451        | -             |
| Income from subsidiary undertakings | 11,451        | -             |

In September 2022 Wabco Automotive UK Pension scheme merged with the ZF UK Pension Plan, the company received and made a distribution in specie amounting to £11,451,000 (2021 – nil) relating to the dilution of its subsidiary companies pension scheme asset.

### 7 Interest receivable and similar income

|                                             | 2022<br>£'000 | 2021<br>£'000 |
|---------------------------------------------|---------------|---------------|
| Interest receivable from group undertakings | 1             | -             |
|                                             | 1             | -             |

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 8 Debtors

|                                             | 2022       | 2021       |
|---------------------------------------------|------------|------------|
|                                             | £'000      | £'000      |
| <b>Amounts falling due within one year:</b> |            |            |
| Amounts due from parent undertakings        | 122        | 121        |
|                                             | <b>122</b> | <b>121</b> |

Inter-company cash pool balances with the ultimate parent undertaking ZF Friedrichshafen AG using Deutsche Bank accounts bear interest at the following rates for the following currencies as at 31 December 2022:

|                 | Deposits | Overdrafts | Benchmark |
|-----------------|----------|------------|-----------|
| Pounds Sterling | 1.20+    | 0.20-      | SONIA     |
| Euro            | 1.20+    | 0.20-      | ESTR      |
| US Dollar       | 1.25+    | 0.20-      | US SOFR   |

At 31 December 2022 the company has an intercompany receivable due from the ultimate parent undertaking ZF Friedrichshafen AG for £0.1 million (2021 - £1.2 million).

### 9 Share Capital

|                                                                                    | 2022   | 2021   |
|------------------------------------------------------------------------------------|--------|--------|
|                                                                                    | £'000  | £'000  |
| <b>Authorised, Allotted, called up and fully paid</b>                              |        |        |
| 3,000,050 Ordinary shares of £20 each (2021 3,000,050 Ordinary shares of £20 each) | 60,001 | 60,001 |

### 10 Ultimate parent company

The company's immediate parent undertaking is ZF Automotive Holdings Limited, a company registered in England and Wales.

At 31 December 2022 the company's ultimate undertaking and controlling party is ZF Friedrichshafen AG, a company registered in the Federal Republic of Germany. This is the smallest and largest group in which the results of the company are consolidated and copies of the consolidated accounts of the company may be obtained from ZF Friedrichshafen AG, Loewentaler Strasse 20, 88046 Friedrichshafen, Germany.

### 11 Post balance sheet event

In July 2023, the company's subsidiary undertaking ZF International Limited disposed of the shares in ZF Chassis Modules (Solihull) Limited (formerly Autocruise Limited) to ZF Lemforder UK Limited for the face value of £2.