

LucasVarity

Strategic report, directors' report and financial statements  
for the year ended 31 December 2020

Registered number: 3207774



# LucasVarity

## Strategic report, directors' report and financial statements for the year ended 31 December 2020

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**LucasVarity**

**Directors and advisers  
for the year ended 31 December 2020**

**Directors**

S M Batterbee  
J A Braithwaite  
A M McQueen

**Registered office**

Stratford Road  
Solihull  
West Midlands  
B90 4GW

**Strategic Report  
for the year ended 31 December 2020**

The directors present their strategic report for the year ended 31 December 2020.

**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.

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 no impairment was considered necessary in the financial year just ended, the investment in the subsidiary undertakings, ZF International UK Limited and ZF Pension Sponsor UK Limited is currently stated at a cost of £694.0 million (2019 - £694.0 million). This investment value is considered the key performance indicator of the company.

By order of the board



A M McQueen

**Director**

16 September 2021

Registered in England and Wales

Registered number: 3207774

# LucasVarity

## Directors' report for the year ended 31 December 2020

The directors present their annual report and the financial statements of the company for the year ended 31 December 2020.

### Results and dividends

The profit for the year is set out in the income statement on page 6. The directors do not propose to recommend the payment of a final dividend for 2020. (2019: nil per share).

The profit for the financial year of £ 779 (2019: £20,139,000) has been transferred to reserves.

### Going Concern

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future.

As of 31 December 2020, Lucas Varity had net assets of £694.2 million (2019 - £694.2 million) and net current assets of £121,000 (2019 - £120,000). The business is an intermediate holding company and is not forecasting any material cash inflows or outflows for the foreseeable future, including for a period of at least 12 months from the date on which these financial statements are approved. The only liability within the company is an inter-company payable of £1,084,000 payable to the company's immediate subsidiary undertaking, ZF International UK Limited. Whilst the £1,084,000 liability is repayable on demand the directors have no expectations to repay this amount in the foreseeable future and have obtained confirmation directly from ZF International UK Limited that they will not seek repayment of the balance for a period of at least 12 months from the date of approval of the financial statements.

The directors have also secured a letter of financial support and are therefore satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue 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  
J A Braithwaite  
A M McQueen  
D E Shattock (resigned 31 December 2020)

### Directors' interests

None of the directors had any declarable interests in shares of any group companies in the United Kingdom at 31 December 2020.

### 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.

### Audit exemption Statement

For the year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. No member required the Company to obtain an audit of its accounts for the year in question, in accordance with Section 476 of the Companies Act 2006.

# LucasVarity

## Directors' report for the year ended 31 December 2020 (continued)

### Directors Responsibilities

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.
- the directors acknowledge their responsibilities for complying with the requirements of the Act in respect to accounting records and the preparation of accounts.

By order of the board

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line extending to the right.

A M McQueen

**Director**

16 September 2021

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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## LucasVarity

### Income statement for the year ended 31 December 2020

	Notes	2020	2019
		£'000	£'000
Administrative expenses		-	-
Operating loss - continuing operations		-	-
Income from subsidiary undertakings		1	20,139
Profit on ordinary activities before taxation		1	20,139
Tax on profit	4	-	-
Profit for the financial year		1	20,139

The company has no other comprehensive income other than the profits above and therefore no separate statement of comprehensive income has been presented.

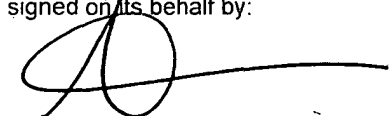


**Balance sheet**  
**as at 31 December 2020**

	Notes	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Investments in subsidiary undertaking	5	694,038	694,038
<b>Total fixed assets</b>		<b>694,038</b>	<b>694,038</b>
<b>Current assets</b>			
Amounts owed by parent undertaking	6	1,205	1,204
<b>Total current assets</b>		<b>1,205</b>	<b>1,204</b>
<b>Creditors: amounts falling due within one year</b>			
Amounts owed to subsidiary undertakings	7	1,084	1,084
<b>Net current assets</b>		<b>121</b>	<b>120</b>
<b>Total assets less current liabilities</b>		<b>694,159</b>	<b>694,158</b>
<b>Net assets</b>		<b>694,159</b>	<b>694,158</b>
<b>Capital and reserves</b>			
Called up-equity share capital	8	60,001	60,001
Retained earnings		634,158	634,157
<b>Total equity shareholder's funds</b>		<b>694,159</b>	<b>694,158</b>

For the year ended 31 December 2020 the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006. No member required the Company to obtain an audit for the year in question, in accordance with Section 476 of the Companies Act 2006. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to maintaining appropriate accounting records for the preparation of the financial statements.

The financial statements were approved by the board of directors on 16 September 2021 and were signed on its behalf by:



A M McQueen  
Director

**Statement of changes in equity  
for the year ended 31 December 2020**

	Share Capital	Retained Earnings	Total equity shareholders' funds
	£'000	£'000	£'000
<b>At 1 January 2019</b>	<b>60,001</b>	<b>634,157</b>	<b>694,158</b>
Profit for the financial year	-	20,139	20,139
<b>Total comprehensive income for the year</b>	<b>60,001</b>	<b>654,296</b>	<b>714,297</b>
Equity dividends paid	-	(20,139)	(20,139)
<b>At 31 December 2019</b>	<b>60,001</b>	<b>634,157</b>	<b>694,158</b>
	Share Capital	Retained Earnings	Total equity shareholders' funds
	£'000	£'000	£'000
<b>At 1 January 2020</b>	<b>60,001</b>	<b>634,157</b>	<b>694,158</b>
Profit for the financial year	-	1	1
<b>Total comprehensive income for the year</b>	<b>60,001</b>	<b>634,158</b>	<b>694,159</b>
Equity dividends paid	-	-	-
<b>At 31 December 2020</b>	<b>60,001</b>	<b>634,158</b>	<b>694,159</b>

## Notes to the financial statements for the year ended 31 December 2020

### 10 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of LucasVarity (the "company") for the year ended 31 December 2020 were authorised for issue by the board of directors on 16 September 2021 and the balance sheet was signed on the board's behalf by A M McQueen. 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.

### 11 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 2020.

#### 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

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future.

As of 31 December 2020, Lucas Varity had net assets of £694.2 million (2019 - £694.2 million) and net current assets of £121,000 (2019 - £120,000). The business is an intermediate holding company and is not forecasting any material cash inflows or outflows for the foreseeable future, including for a period of at least 12 months from the date on which these financial statements are approved. The only liability within the company is an inter-company payable of £1,084,000 payable to the company's immediate subsidiary undertaking, ZF International UK Limited. Whilst the £1,084,000 liability is repayable on demand the directors have no expectations to repay this amount in the foreseeable future and have obtained confirmation directly from ZF International UK Limited that they will not seek repayment of the balance for a period of at least 12 months from the date of approval of the financial statements.

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 2 Principal accounting policies (continued)

#### Going Concern (continued)

The directors have also secured a letter of financial support and are therefore satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue 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 enforcement 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 2020 (continued)

### 3 Employee information

Other than the directors the company has no employees (2019: none). The directors are remunerated by other entities in the group. There was no remuneration paid to its directors by ZF Automotive Holdings (UK) Limited. 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 2020.

### 4 Taxation

#### Current tax

a) Analysis of tax charge in the year	2020	2019
	£'000	£'000
UK corporation tax on profit at 19.00% (2019 :19.00%)	-	-
Foreign withholding taxes	-	-
<b>Total current tax (credit)/charge</b>	<b>-</b>	<b>-</b>

#### Tax Reconciliation

	2020	2019
b) Factors affecting tax charge for the year	£'000	£'000
Profit before taxation	1	20,139
Profit multiplied by standard rate of corporation tax in the UK 19.00% (2019: 19.00%)	-	3,826
Income not taxable	-	(3,826)
<b>Tax (credit)/charge for the year</b>	<b>-</b>	<b>-</b>

The Company's profits for this accounting period are taxed at an effective rate of 19.00%. An announcement in the March 2021 budget proposed to increase the main standard rate of corporation tax to 25% effective April 2023. The change has not been substantively enacted and accordingly the rate has not been applied at the balance sheet date.

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 5 Investments

Investment in subsidiary undertakings

	£'000
Cost and Net Book Value at 1 January 2020	694,038
Cost and Net Book Value at 31 December 2020	694,038

The directors are of the opinion that the appropriate allocation of the total investment value of £694.0 million is as follows; ZF Pension Sponsor UK Limited £63.0 million; ZF International UK Limited £631.0 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 did not identify the need to impair any of the investments in subsidiary undertakings (2019 - £nil).

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* (formerly Lucas Varity (M) SDN BHD*)	Automotive component supplier	Malaysia	99.99%
ZF Aftermarket Malaysia SDN BHD* (formerly Lucas Automotive SDN BHD*)	Automotive component supplier	Malaysia	100%
Autocruise Limited*	Dormant	England and Wales	100%
Bryce Berger Limited*	Dissolved	England and Wales	100%
Girling Limited*	Dormant	England and Wales	100%
Joseph Lucas Limited*	Dormant	England and Wales	100%
Lucas Automotive Limited*	Dissolved	England and Wales	100%

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**5 Investments (continued)**

<b>Name of company</b>	<b>Nature of business</b>	<b>Country of registration or incorporation</b>	<b>Percentage of ordinary shares held</b>
Lucas Limited*	Dissolved	England and Wales	100%
TRW Employees Benefit Trust Limited*	Dormant	England and Wales	100%
Lucas Export Services Limited*	Dissolved	England and Wales	100%
TRW Investment Management Co. Limited*	Dissolved	England and Wales	100%
Lucas Support Services Limited*	Dissolved	England and Wales	100%
Lucas Service UK Limited*	Dissolved	England and Wales	100%
Lucas Investments Limited*	Dissolved	England and Wales	100%
Cityday Limited*	Dissolved	England and Wales	100%
ID Information Systems Limited*	Dissolved	England and Wales	100%
TRW Lucas Varity Electric Steering Limited*	Dissolved	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 Stratford Road, Solihull, West Midlands, England B90 4GW.

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.

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**6 Debtors**

	2020	2019
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Amounts due from parent undertakings	1,205	1,204
	<b>1,205</b>	<b>1,204</b>

Inter-company cash pool balances with the parent undertaking ZF Friedrichshafen AG using Deutsche Bank accounts bear interest at the following rates for the following currencies as at 31 December 2020:

	Deposits	Overdrafts	Benchmark
Pounds Sterling	0.95+	0.50-	SONIA
Euro	0.95+	0.20-	EONIA
US Dollar	0.95+	0.50-	US SOFR

At 31 December 2020 the company has an intercompany receivable due from the parent undertaking ZF Friedrichshafen AG for £1.2million (2019 - £1.2million).

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

	2020	2019
	£'000	£'000
Amounts owed to subsidiary undertakings	1,084	1,084
	<b>1,084</b>	<b>1,084</b>

At 31 December 2020 the company has an intercompany payable due to its immediate subsidiary undertaking ZF International UK Limited for £1.1 million (2019 - £1.1 million), this payable is non-interest bearing and is repayable on demand.

**8 Share Capital**

	2020	2019
	£'000	£'000
<b>Authorised, Allotted, called up and fully paid</b>		
3,000,050 Ordinary shares of £20 each (2019 3,000,050 Ordinary shares of £20 each)	60,001	60,001



**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**9 Ultimate parent company**

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

At 31 December 2020 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.