

REGISTRATION NUMBER - 3207774

**Lucas Varity Limited**  
**Annual Report and Accounts 2000**



## **Contents**

Report of the Directors .....	1
Statement of Directors' Responsibilities .....	2
Report of the auditor to the shareholders of LucasVarity Limited .....	3
Accounting Policies .....	4
Profit and Loss Account .....	5
Balance Sheet .....	6
Notes to the Accounts .....	7

## Report of the Directors

The directors present their report and accounts for the year ended 31 December 2000.

### Principal activities and review of business

LucasVarity Limited is the holding company for Lucas Industries Limited.

### Future developments

The company will continue to act as an intermediate holding company in the TRW Inc. group.

### Results and dividends

The profit for the period, after taxation, amounted to £120 million (December 1999 – Profit of £331 million). No dividends were paid in the year (December 1999 - £164 million)

### Directors and Directors' interests

The Directors of LucasVarity Limited during the year were as follows:

P Almond	
R Lechner	
R Fulton	(appointed 18 <sup>th</sup> December 2000)
M Read	(resigned 4 <sup>th</sup> April 2001)

None of the directors had any declarable interests in the shares of the company and Lucas Industries Limited at 31 December 2000.

### Payment of suppliers

The company follows a strategy of having mutually beneficial long-term relationships with suppliers. The policy is to agree terms of trading (including payment) and to abide by them. At the year end there were nil days purchases in the company trade creditors.

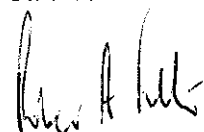
### Going concern

The directors have made enquires and were satisfied that the company had adequate resources to continue in operational existence and accordingly considered it appropriate to adopt the going concern basis in preparing the accounts.

### Auditors

On 28 June 2001, Ernst & Young, the company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General meeting.

On behalf of the Board



**R A Fulton**  
Director

Date 23 January 2002

## **Statement of Directors' Responsibilities**

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

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

We have audited the company's financial statements for the period ended 31 December 2000 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 9, and the Accounting Policies. These financial statements have been prepared on the basis of the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

**Ernst & Young LLP**  
Registered Auditor  
Birmingham

Dated

*23 January 2002*

## **Accounting Policies**

### **Accounting convention**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidated accounts have not been prepared because the company has taken advantage of section 228 of the Companies Act 1985 which exempts the company from the obligation to prepare and deliver group accounts as it is included in the consolidated accounts of TRW UK Holding Limited, a company registered in England and Wales. These accounts present information about the company and not about its group.

### **Fixed asset investments**

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

### **Related party transactions**

As the company is a wholly owned subsidiary of TRW Inc. it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with other subsidiary undertakings that form part of the TRW Inc. Group, and associated undertakings of TRW Inc. Group.

### **Cash flow**

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

### **Deferred taxation**

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the foreseeable future, calculated at the rate at which it is estimated that the tax will be repayable.

## Profit and Loss Account

For the period ended 31 December

	NOTES	YEAR TO 31 DECEMBER 2000 £m	11 MONTHS TO 31 DECEMBER 1999 £m
Operating expenses		-	(12)
Income from shares in group undertaking		-	320
<b>Operating profit</b>		-	308
Interest	2	120	23
<b>Profit on ordinary activities before taxation</b>		120	331
Taxation	3	-	-
<b>Profit on ordinary activities after taxation</b>		120	331
Dividends		-	(164)
<b>Profit for the period and retained profit for the period</b>	8	120	167

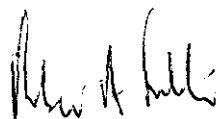
There are no recognised gains and losses other than the profit for the period.

# Balance Sheet

At 31 December

	NOTES	2000 £m	1999 £m
<b>Fixed assets:</b>			
Investments	4	1,342	1,335
		<b>1,342</b>	<b>1,335</b>
<b>Current assets:</b>			
Debtors	5	1,798	1,671
<b>Creditors: Amounts falling due within one year</b>			
Other creditors	6	(96)	(90)
<b>Net current assets</b>		<b>1,702</b>	<b>1,581</b>
<b>Net assets</b>		<b>3,044</b>	<b>2,916</b>
<b>Capital and reserves:</b>			
Called up share capital	7,8	382	381
Share premium account	8	278	271
Capital redemption reserve	8	14	14
Capital reserve	8	290	290
Merger reserve	8	1,722	1,722
Profit and loss account	8	358	238
<b>Equity shareholders' funds</b>	8	<b>3,044</b>	<b>2,916</b>

Approved by the Board of Directors and signed on its behalf by:



**R A Fulton**

Director

Date 23 January 2002



# Notes to the Accounts

at 31 December 2000

## 1 Information regarding the company, directors, employees and auditors

The company is an intermediate holding company and had no employees during the year (December 1999 - nil). The directors did not receive any emoluments from the company (December 1999 - nil). The auditors received no remuneration from the company in the year (December 1999 - nil).

## 2 Interest

	YEAR TO 31 DECEMBER 2000 £m	11 MONTHS TO 31 DECEMBER 1999 £m
Interest receivable on bank loans	-	16
Interest receivable on other loans to group companies	126	24
	126	40
(Loss) on translation of inter-company balances	-	(9)
Inter-company Interest payable	(6)	(8)
	120	23

## 3 Taxation on profit on ordinary activities

There is no tax charge arising on ordinary activities during the year due to group relief.

## 4 Investments

	SUBSIDIARY UNDERTAKINGS £m
At 1 January 2000:	1,335
Additions	7
<b>At 31 December 2000</b>	<b>1,342</b>

The investment relates entirely to the 100% equity investment in the subsidiary undertaking, Lucas Industries Limited, which is a holding company.

## 5 Debtors

	2000 £m	1999 £m
Amounts due within one year:		
Amounts owed by group undertaking	1,798	1,671
	1,798	1,671

## 6 Other creditors

	2000 £m	1999 £m
Amounts due within one year:		
Amounts owed to subsidiary undertakings	96	90
	96	90

## Notes to the Accounts continued

at 31 December 2000

### 7 Share capital

Authorised :

	31 DECEMBER 2000		31 DECEMBER 1999	
	No.	£	No.	£
Ordinary shares (25p each)	2,000,000,000	500,000,000	2,000,000,000	500,000,000

Allotted, called up and fully paid:

	31 DECEMBER 2000		31 DECEMBER 1999	
	No.	£	No.	£
Ordinary shares (25p each)	1,528,254,917	382,063,729	1,523,717,410	380,929,353

During the year 4,537,507 ordinary shares of 25p each, with an aggregate nominal value of £1,134,376 were issued. The shares were issued in exchange for cash under the LucasVarity Limited and TRW Automotive UK Limited scheme of arrangement dated 6 September 1996, relating to the exercise of Lucas Industries savings related share options.

### 8 Reconciliation of shareholders' funds and movements on reserves

	SHARE CAPITAL £m	SHARE PREMIUM £m	CAPITAL REDEMPTION £m	CAPITAL RESERVE £m	MERGER RESERVE £m	PROFIT & LOSS £m	TOTAL £m
At 31 January 1999	351	5	14	-	1,698	71	2,139
Arising on shares issued	30	266	-	290	24	-	610
Retained profit	-	-	-	-	-	167	167
<b>At 31 December 1999</b>	<b>381</b>	<b>271</b>	<b>14</b>	<b>290</b>	<b>1,722</b>	<b>238</b>	<b>2,916</b>
Arising on shares issued	1	7	-	-	-	-	8
Retained profit	-	-	-	-	-	120	120
<b>At 31 December 2000</b>	<b>382</b>	<b>278</b>	<b>14</b>	<b>290</b>	<b>1,722</b>	<b>358</b>	<b>3,044</b>

### 9 Ultimate parent company and parent undertaking of larger group

The largest group in which the results of the company are consolidated is that headed by TRW Inc. incorporated in Ohio in the USA. The consolidated accounts of TRW Inc. are available to the public and may be obtained from the Company Secretary at 1900 Richmond Road, Cleveland, Ohio 44124, USA. The smallest group in which the results of the company are consolidated is that headed by TRW UK Holdings Limited, the consolidated accounts of this company may be obtained from the Company Secretary at Stratford Road, Solihull, B90 4LA, U.K. The company's immediate parent undertaking is TRW Automotive UK Limited. The accounts of this company may be obtained from the Company Secretary at Stratford Road, Solihull, B90 4LA, U.K.