

Company No. 3207774

# Annual Report and Financial Statements

## LucasVarity

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For the Year Ended 31 December 2011



## Officers and professional advisors

**Company registration number**

3207774

**Directors**

PM Almond  
A Bassett  
MG Degen  
MC Furber  
R Lechner  
PR Rapin

**Secretary**

J Pegg

**Auditor**

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

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2011

### Principal activities and business review

The company is a subsidiary unlimited intermediate holding company within the TRW Automotive Holdings Corp group of companies (the 'TRW group'), and will continue in this capacity for the foreseeable future

### Results and dividends

The profit for the year, after taxation, amounted to £9,058,000 (2010 – loss £16,837,000)

### Directors

The directors who served the company during the year and up to the date of approval of these financial statements were as follows

PM Almond  
A Bassett  
MG Degen  
MC Furber  
R Lechner  
PR Rapin

### Directors' interests

None of the directors had any declarable interests in shares of any group companies in the United Kingdom at 31 December 2011

## Report of the directors (continued)

### Directors' indemnities

During the year an indemnity from the company was available to the directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

### Directors' statement as to disclosure of information to auditors

Each of the directors who were members of the board at the time of approving this directors' report confirm that

- to the best of their knowledge and belief, there is no relevant audit information to the preparation of their report of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### 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 2011, LucasVarity had no current assets or liabilities, and net assets of £634,038,000.

The business is an intermediate holding company with no trading activity. There are no cash transactions of any description.

The company participates in the centralised Treasury arrangements of the TRW group and therefore shares banking arrangements with its parent and fellow subsidiaries. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of TRW Automotive to continue as a going concern, or its ability to continue with current banking arrangements.

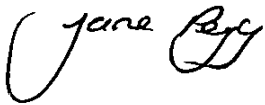
The company has also obtained confirmation from TRW Automotive Holdings Corp. that the fixed and floating charges on its assets will not be called upon during the next twelve months.

## Report of the directors (continued)

### **Disclosure of requirement to appoint auditors**

The auditors Ernst & Young, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Jane Pegg', written in a cursive style.

J Pegg  
Company Secretary  
7 June 2012

## Statement of directors' responsibilities

The directors are responsible for preparing the 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 elected to prepare 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 judgments 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,
- prepare the 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Report of the independent auditor to the members of LucasVarity

We have audited the financial statements of LucasVarity for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the LucasVarity annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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

## Report of the independent auditor to the members of LucasVarity (continued)

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

We have nothing to report in respect of the following matters where 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

*Ernst & Young LLP*

Helen Hemming  
(senior statutory auditor)  
for and on behalf of Ernst & Young LLP,  
Statutory Auditor  
Birmingham  
12 June 2012

## Profit and loss account

	Note	2011 £000	2010 £000
Other operating expense	4	—	—
Release of impairment of fixed asset investments		9,058	—
Impairment of fixed asset investments		—	(16,837)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>9,058</b>	<b>(16,837)</b>
Taxation	3	—	—
<b>Profit/(loss) for the financial year</b>	<b>8</b>	<b>9,058</b>	<b>(16,837)</b>

All of the activities of the company are classed as continuing

## Statement of total recognised gains and losses

For the year ended 31 December 2011

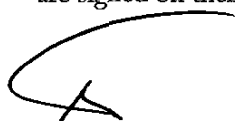
	2011 £000	2010 £000
<b>Profit/(loss) for the financial year</b>	<b>9,058</b>	<b>(16,837)</b>
<b>Total recognised gains and losses for the year</b>	<b>9,058</b>	<b>(16,837)</b>

**The accompanying notes form part of these financial statements.**

## Balance sheet

	Note	2011 £000	2010 £000
<b>Fixed assets</b>			
Investments	5	634,038	624,980
Creditors amounts falling due within one year	6	—	—
<b>Net current liabilities</b>		—	—
<b>Total assets less current liabilities</b>		<u>634,038</u>	<u>624,980</u>
<b>Net assets</b>		<u>634,038</u>	<u>624,980</u>
<b>Capital and reserves</b>			
Called-up equity share capital	7	1	1
Other reserve	8	634,037	624,979
<b>Equity shareholders' funds</b>	8	<u>634,038</u>	<u>624,980</u>

These financial statements were approved by the directors and authorised for issue on 7 June 2012, and are signed on their behalf by



A Bassett  
Director

The accompanying notes form part of these financial statements.

## Notes to the financial statements

### 1 Accounting policies

#### Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

Consolidated accounts have not been prepared because the company has taken advantage of section 401 of the Companies Act 2006 which exempts the company from the obligation to prepare and deliver group accounts as it is included in the consolidated accounts of TRW Automotive Holdings Corp, a company registered in the USA. These accounts present information about the company and not about its group

#### 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 2011, LucasVarity had no current assets or liabilities, and net assets of £634,038,000

The business is an intermediate holding company with no trading activity. There are no cash transactions of any description.

The company participates in the centralised Treasury arrangements of the TRW group and therefore shares banking arrangements with its parent and fellow subsidiaries. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of TRW Automotive to continue as a going concern, or its ability to continue with current banking arrangements.

The company has also obtained confirmation from TRW Automotive Holdings Corp that the fixed and floating charges on its assets will not be called upon during the next twelve months.

#### Cash flow statement

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 TRW Automotive Holdings Corp includes the company in its own published consolidated financial statements.

#### Related parties transactions

As the company is a wholly owned subsidiary of TRW Automotive Holdings Corp, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and therefore has not disclosed transactions or balances with other subsidiary undertakings that form part of the TRW group, and associated undertakings of the TRW group.

**1 Accounting policies (continued)****Fixed asset investments**

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

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

**2 Information regarding the company, directors, employees and auditors**

Directors emoluments are borne by other entities in the group. The directors do not spend a significant portion of time in respect of LucasVarity and therefore the proportion of the charge that relates to LucasVarity is not considered to be significant

The company had no employees during the year (2010 - nil)

The auditors' remuneration for 2011 was borne by another group undertaking (2010 - £ nil)

**3 Taxation on profit on ordinary activities**

There is no tax charge arising on ordinary activities during the year (2010 - £ nil)

Factors affecting current tax charge

	2011 £000	2010 £000
Profit/(loss) on ordinary activities before taxation	9,058	(16,837)
Normal tax credit/(charge) at United Kingdom corporation tax rate 26.5% (2010 - 28%)	2,400	(4,714)
Income not taxable	(2,400)	-
Expenses not deductible for tax purposes	-	4,714
<b>Total current tax</b>	<b>-</b>	<b>-</b>

**4 Other operating charges**

	2011 £000	2010 £000
Administrative charges	<u>-</u>	<u>-</u>

The company incurred bank charges of £160 in 2011 (2010 - £ 179)

**5 Investments**

	£000
Shares in subsidiary undertakings at cost	
At 1 January 2011	1,602,116
<b>At 31 December 2011</b>	<b><u>1,602,116</u></b>
Amounts written off	
At 1 January 2011	(977,136)
Release of amounts provided	9,058
<b>At 31 December 2011</b>	<b><u>(968,078)</u></b>
Net book value	
<b>At 31 December 2011</b>	<b><u>634,038</u></b>
At 31 December 2010	<u>624,980</u>

The investment relates to a 100% equity investment of ordinary shares in Lucas Industries Limited, an intermediate holding company, incorporated in England and Wales

The company also has a 1 share investment of £1 in Joseph Lucas Limited (incorporated in England and Wales) representing 0.01% holding. Lucas Industries Limited owns the remaining share capital.

The company has a 1 share investment of €100 in TRW Automotive Finance (Luxembourg) S a r l (a company incorporated in Luxembourg), TRW Automotive Inc a United States intermediate parent undertaking owns the other 1,249 shares in issue. TRW Automotive Finance (Luxembourg) S a r l is a group undertaking that provides direct or indirect financing, and/or financial services, in particular granting loans and credits, as well as administrative and marketing assistance ancillary thereto to any of the operating undertakings of the group and any of their subsidiaries.

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

	2011 £000	2010 £000
Amounts owed to group undertakings	—	—

At 31 December 2011 the company has an intercompany balance payable to a fellow group undertaking for £339 (2010 - £ 179)

**7 Share capital**

Authorised share capital

	2011 £000	2010 £000
209,621,065 ordinary shares of £0 25 each	52,405	52,405

Allotted, called up and fully paid

	2011 £000	2010 £000
4,000 ordinary shares of £0 25 each	1	1

**8 Reconciliation of shareholders' funds and movement on reserves**

	Called-up equity share capital £000	Other reserves £000	Total share- holders' funds £000
At 1 January 2010	1	641,816	641,817
Loss for the year	—	(16,837)	(16,837)
At 31 December 2010 and 1 January 2011	1	624,979	624,980
Profit for the year	—	9,058	9,058
At 31 December 2011	1	634,037	634,038

**9 Financial commitments**

Certain group creditors have fixed and floating charges on all of the company's assets, present and future, and on the uncalled share capital, other than the company's trade receivables. These charges are secured under a credit agreement, where JP Morgan Chase Bank acts as the creditors' collateral agent and trustee.

**10 Ultimate parent company**

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

In the directors' opinion, the company's ultimate parent undertaking and controlling party is TRW Automotive Holdings Corp., incorporated in Delaware in the USA. 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 12001 Tech Centre Drive, Livonia, Michigan 48150, USA.