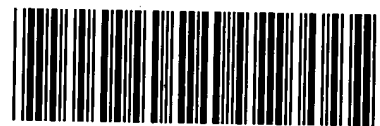


Lotus Cars Limited
Annual report and financial statements
for the year ended 31 March 2015

Registered Number: 00895081

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Lotus Cars Limited

Annual report and financial statements for the year ended 31 March 2015

Contents

Strategic report	2
Directors' report	5
Independent auditor's report	7
Profit and loss account.....	9
Statement of total recognised gains and losses	10
Balance sheet.....	11
Note of historical cost profits and losses	12
Notes to the financial statements	13

Lotus Cars Limited

Strategic report for the year ended 31 March 2015

As required by the amendments to the Companies Act 2006, effective 30 September 2013, the directors of Lotus Cars Limited (“the company”) present their Annual Report containing a Strategic Report, Directors’ Report and the Financial Statements for the year ended 31 March 2015.

Principal activities

The principal activities of the company comprises the manufacture and sale of high performance motor cars and related merchandise (Lotus Cars division) and, the provision of engineering consultancy services and the commercial development and supply of technology to automotive and industrial clients world-wide (Lotus Engineering division).

Review of business and future developments

The company reported a loss for the financial year ended 31 March 2015 of £39.0m (2014: £65.6m) after reflecting an exceptional charge of £0.2m (2014: £6.8m) in respect of the impairment of intangible development assets and £2.5m (2014: £nil) in respect of restructuring costs. Pre-exceptional Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) was £16.9m loss (2014: £42.4m loss).

Under the leadership of the new chief executive officer, Jean-Marc Gales, the long range product plan has been refined and a number of business transformation projects focused on revenue growth, cash generation and cost reduction have been implemented in the financial year ended 31 March 2015. As a result, vehicle sales have increased by 30% when compared to 2014 from 1,403 to 1,826 vehicles and substantial progress has been made in reducing overhead costs. These projects are expected to continue in the foreseeable future.

For the financial year ended 31 March 2015, the company recorded turnover of £83.4m and gross profit margin of 11.7%, which represents an increase of 12.9% in turnover when compared to the results of 2014 when company turnover was £73.9m and a gross loss margin of 1.3% were reported. The turnover increase was achieved in UK, Europe and Asia markets. The increase in the gross margin from a loss of 1.3% to 11.7%, compared to the prior year, was due to the increased turnover, change in product mix and a higher engineering division gross margin due to the sale of internally generated software for £4.0m at 100% margin.

The Cars division revenues have increased by 9.3% to £72.8m (2014: £66.6m). Total vehicles sold during the year increased by 30.1% or 423 units to 1,826 units largely due to the success of the new Exige, expansion of the dealer network and focused motorsport derivatives.

The Engineering division revenues increased by 45.4% during the financial year to £10.6m due to the sale of internally generated software for £4.0m offset by a reduction in third party revenue due to refocusing of engineering resource to strengthen the Lotus branding including new product development and quality improvements.

During the year the company was part of a group financial restructuring exercise whereby £301.0m of intermediate parent company debt was converted into share capital. On 31 December 2014, the company issued 83,585,665 ordinary shares to Group Lotus Plc. at par. Furthermore on the same date the company issued 2,173,700 Redeemable Preference Shares of £1 each directly to Proton Holdings Berhad, an intermediate parent company, for a consideration of £217.4m in exchange for a loan of the same amount.

Organisational restructuring within the year has reduced overhead costs and aligned resources to the current needs of the company with the ultimate aim of delivering positive and sustainable financial returns to the company’s stakeholders. A revised product plan extending to 2020 has been defined and approved by the board of directors. The plan is expected to deliver a number of new vehicles based on the current Elise, Exige and Evora platforms. New derivatives of Elise and Exige were launched in the year and the new Evora 400 was unveiled in March 2015 at the Geneva Motor Show and went on sale in August 2015.

To increase sales of both current and new models, a plan is underway to significantly increase the number of dealers in the Lotus sales network. In the year 38 new dealers were appointed.

The focus for Lotus Engineering is to support Lotus Cars product development whilst sustaining third party consultancy business at current levels through projects for Proton and key automotive clients.

Lotus Cars Limited

Strategic report for the year ended 31 March 2015 (continued)

Review of business and future developments (continued)

As the company continues on this journey of transformation and repositioning, it readies itself for a challenging yet exciting time ahead. The substantial investment needed to implement the strategies will impact the financial position of the company in the short term but once the transformation has taken shape, the company will be on a much stronger footing operationally and financially, thus creating value for all its stakeholders.

Key performance indicators (“KPIs”)

The directors monitor the overall company performance through the following KPIs:

- Turnover by class of business – see note 2 for further details;
- Turnover by geographical segment – see note 2 for further details;
- Number of units sold – 1,826 (2014: 1,403 vehicles); and
- Profitability – Pre-exceptional EBITDA is considered to be the key performance measurement – £16.9 loss (2014: £42.4m loss).

See review of business and future developments section above for an explanation of the movement in the above KPI's.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. A risk register for the company is maintained and regularly updated, and is reported at monthly management meetings. The key business risks affecting the performance of the company and the mitigation of those risks are as follows:

- Supply chain – Key suppliers' ability to deliver to the agreed timetable and quality, mitigated by multi-sourcing where possible, continuous monitoring of supplier performance and careful supplier selection based on quality and capability;
- Quality management – To ensure quality is maintained in products and services supplied and is also embedded within the organisation. The company is an ISO90001:2008 accredited organisation with regular third party assessments underpinning the business operations;
- Foreign exchange – A large proportion of the company's revenues are in currencies other than Sterling. In addition the business sources supplies from all over the world in a variety of currencies and elements of its funding are denominated in foreign currencies. Where there is a significant forecast net position in any foreign currency a proportion of that risk is mitigated by forward contract hedging arrangements, where these are deemed appropriate;
- Market for the company's products and services – These are to an extent dependent on competitors' activity, having the right products and services that the market demands and the health of the global economy. The company seeks to mitigate this risk through offering competitive and attractive products and services and through investment in research and development; and
- Finance – The availability of sufficient finance to fund the company's continuing operations and growth as discussed in the Going Concern section of the Directors' Report and note 1 of the financial statements.

All risks and uncertainties are monitored on a regular basis with action plans put in place to mitigate any adverse effects on the business.

Financial risk management

The company's operations expose it to a variety of financial risks, which include price risk, credit risk, liquidity risk, foreign exchange risk and interest rate cash flow risk. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Lotus Cars Limited

Strategic Report (continued)

Financial risk management (continued)

Price risk

The company is exposed to price risk through the indirect impact of competitors' activities. The pricing of competitors is closely monitored and it is the policy of the company to ensure that the company's products and services are competitively priced, whilst reflecting the quality of the products and services supplied. The company is also subject to movements in commodity prices (for example, aluminium and steel prices). Such exposure is not currently managed by hedge arrangements, although the directors will revisit the appropriateness of this policy should the exposure change in size or nature.

Credit risk

Credit risk is the risk customers will default on their obligation to make payment for the product or services supplied. The company has implemented policies that require appropriate credit checks on potential customers before sales are made. In some circumstances advance payments are required. Credit control procedures are implemented if customers exceed their agreed terms.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities. The risk is mitigated as the company has access to inter group finance that is designed to ensure the company has sufficient available funds for operations and planned expansions. The inter group finance is provided by Proton Holdings Berhad, the company's intermediate parent company, and has been confirmed in writing that it will provide the necessary financial support to enable the company to meet its liabilities as they fall due for at least 12 months from the date of signing the audited financial statements for the financial year ended 31 March 2015.

Foreign exchange risk


The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Malaysian Ringgit, US Dollar and Japanese Yen. Foreign exchange risk arises from commercial transactions, borrowing transactions and investments in foreign operations.

Where there is a significant forecast net position in any foreign currency a proportion of that risk is covered by forward contract hedging arrangements, as appropriate.

Interest rate cash flow risk

The company pays interest on elements of its debts at a variable rate. The directors will revisit the appropriateness of the policy of not hedging the company's exposure to changes in interest rates should the exposure change in size or nature.

By order of the board


Dato' Abdul Harith bin Abdullah
Director

24 November 2015

Potash Lane
Hethel
Norwich
Norfolk
NR14 8EZ

Lotus Cars Limited

Directors' report

The directors present their Annual Report and the audited Financial Statements of the company for the year ended 31 March 2015.

Results and dividends

The company's loss for the financial year after taxation amounted to £39.0m (2014: £65.6m) after an exceptional charge of £0.2m (2014: £6.8m) in respect of the impairment of intangible development assets and £2.5m (2014: £nil) in respect of restructuring costs. The directors do not recommend the payment of a dividend (2014: £nil), and the loss for the financial year has been transferred to reserves.

Going concern

The company's financial statements have been prepared on the going concern basis, which assumes that the company will be able to meet its liabilities as they fall due for the foreseeable future.

The company made a loss for the year ended 31 March 2015 of £39.0m (2014: £65.6m). As at 31 March 2015, the company had shareholders' funds of £105.1m and net current assets of £210.0m (including long term debtors amounting to £238.0m). The directors have prepared cash flow forecasts for the foreseeable future, being at least 12 months from the date of approval of these financial statements, which indicate that the company requires financial support to enable it to meet its liabilities as they fall due.

Proton Holdings Berhad, the company's intermediate parent company, has confirmed in writing that it will provide the necessary financial support to the Lotus Group International Limited group of companies (which includes this company) so as to allow the company and its subsidiaries to meet their liabilities as they fall due for at least 12 months from the date of signing of the audited financial statements for the financial year ended 31 March 2015.

The directors of the company have considered the track record of financial support from Proton Holdings Berhad and its ultimate parent undertaking, DRB-HICOM Berhad, and continuing discussions about its future plans, and based on this, concluded that support will continue for the foreseeable future and for at least 12 months from the date of approval of these financial statements. The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Research and development

The company is committed to research and development and undertaking such expenditure as is required to maintain its current market position and further enhance future growth and profitability, principally through the development of new models and variants of existing models. Development costs that meet the capitalisation criteria of SSAP 13, 'Accounting for Research and Development', are capitalised and amortised over their estimated useful life. Research costs and other development costs are expensed as incurred. Research and development expenditure charged to the profit and loss account, including amounts amortised and impaired, amounted to £4.9m (2014: £14.4 m).

Employees

The directors acknowledge the importance of good communication and employee relations. Communications are essential to progress; as such the company has devoted considerable time and effort to ensure that employees are well informed about those aspects of the business which affect them.

Employees and their representatives are briefed on all matters relevant to their area of operation and their views are sought and taken into account. The company undertakes regular staff briefings both business wide and in divisional groups. Senior management hold separate monthly meetings with the staff representatives, to discuss group performance, issues, employee matters and future plans. These, together with regular communications of latest developments, which are distributed to all staff via emails and notice boards, ensure that all staff are informed of the company's performance and plans.

Applications for employment from disabled persons are fully considered, bearing in mind the aptitudes and abilities of the persons concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the company continues. It is the policy of the company to further as far as possible the training, career development and promotion of disabled employees.

Lotus Cars Limited

Directors' report (continued)

Directors

The directors who held office during the year and up to the date of this report, except where otherwise stated are listed below;

Dato' Abdul Harith bin Abdullah
Aslam Farikullah
Dato' Radzai bin Mohamed
Rohime Bin Shafie (appointed 9 October 2014)
Thean Hin Soo (resigned 9 October 2014)

Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the 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 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.

Statement of disclosure of information to auditor

So far as each of the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Ernst & Young LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board


Dato' Abdul Harith bin Abdullah
Director

24 November 2015

Potash Lane
Hethel
Norwich
Norfolk
NR14 8EZ

Independent auditor's report to the members of Lotus Cars Limited

We have audited the financial statements of Lotus Cars Limited for the year ended 31 March 2015 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, note of historical cost profits and losses and the related notes 1 to 25. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities on page 6, 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 Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 March 2015 and of its loss 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.

Independent auditor's report to the members of Lotus Cars Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Bob Forsyth (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge, UK

26 November 2015

Lotus Cars Limited

Profit and loss account for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Turnover	2	83,376	73,857
Cost of sales		(73,620)	(74,795)
Gross profit / (loss)		9,756	(938)
Exceptional administrative expenses			
- Impairment of capitalised development costs	3	(207)	(6,802)
- Restructuring costs	3	(2,455)	-
Other administrative expenses		(36,570)	(54,227)
Operating loss	3	(29,476)	(61,967)
Amounts written off investment	10	(68)	-
Interest receivable and similar income	6	149	5,357
Interest payable and similar charges	6	(9,510)	(8,693)
Other finance charges	6	(141)	(249)
Loss on ordinary activities before taxation		(39,046)	(65,552)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year	19	(39,046)	(65,552)

All the activities of the company are classified as continuing.

Lotus Cars Limited

Statement of total recognised gains and losses for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Loss for the financial year	19	(39,046)	(65,552)
Actuarial (loss)/gain recognised on defined benefit pension	17	(1,040)	1,144
Total recognised gains and losses relating to the financial year and since last Annual Report and Financial Statements		(40,086)	(64,408)

Lotus Cars Limited

Balance sheet as at 31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	8	36,245	21,065
Tangible assets	9	47,893	52,270
Investments	10	-	68
		84,138	73,403
Current assets			
Stock	11	20,898	26,583
Debtors	12	258,400	255,607
Cash at bank and in hand		5,787	14,907
		285,085	297,097
Creditors: amounts falling due within one year	13	(75,057)	(335,339)
Net current assets/(liabilities)		210,028	(38,242)
Total assets less current liabilities		294,166	35,161
Creditors: amounts falling due after more than one year	14	(176,901)	(176,920)
Provision for liabilities	16	(7,142)	(9,381)
Net assets/(liabilities) excluding pension liability		110,123	(151,140)
Defined benefit pension liability	17	(5,073)	(4,680)
Net assets/(liabilities) including pension liability		105,050	(155,820)
Capital and reserves			
Called up share capital	18	368,816	283,056
Revaluation reserve	19	3,530	3,622
Capital reserve	19	17	17
Share premium account	19	215,196	-
Profit and loss account	19	(482,509)	(442,515)
Shareholders' funds/(deficit)	20	105,050	(155,820)

The Annual Report and Financial Statements, were approved by the board of directors and authorised for issue on 24 November 2015 and were signed on its behalf by:



Dato' Abdul Harith bin Abdullah
Director

Registered number: 00895081

Lotus Cars Limited

Note of historical cost profits and losses for the year ended 31 March 2015

	2015 £'000	2014 £'000
Loss for the financial year before taxation	(39,046)	(65,552)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	92	92
Historical cost loss on ordinary activities before taxation	(38,954)	(65,460)
Historical cost loss on ordinary activities after taxation	(38,954)	(65,460)

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below:

Going concern

The company's financial statements have been prepared on the going concern basis, which assumes that the company will be able to meet its liabilities as they fall due for the foreseeable future.

The company made a loss for the year ended 31 March 2015 of £39.0m (2014: £65.6m). As at 31 March 2015, the company had shareholders' funds of £105.1m and net current assets of £210.0m (including long term debtors amounting to £238.0m). The directors have prepared cash flow forecasts for the foreseeable future, being at least 12 months from the date of approval of these financial statements, which indicate that the company requires financial support to enable it to meet its liabilities as they fall due.

Proton Holdings Berhad, the company's intermediate parent company, has confirmed in writing that it will provide the necessary financial support to the Lotus Group International Limited group of companies (which includes this company) so as to allow the company and its subsidiaries to meet their liabilities as they fall due for at least 12 months from the date of signing of the audited financial statements for the financial year ended 31 March 2015.

The directors of the company have considered the track record of financial support from Proton Holdings Berhad and its ultimate parent undertaking, DRB-HICOM Berhad, and continuing discussions about its future plans, and based on this, concluded that support will continue for the foreseeable future and for at least 12 months from the date of approval of these financial statements. The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary and is included in the consolidated financial statements of DRB-HICOM Berhad, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996), 'Cash Flow Statements'. The company is also exempt under the terms of FRS 8, 'Related Party Disclosures' from disclosing related party transactions with DRB-HICOM Berhad and 100% owned group companies.

Consolidated financial statements

The company is a wholly owned subsidiary undertaking of DRB-HICOM Berhad, a company incorporated in Malaysia and which has prepared consolidated financial statements which are publicly available. Accordingly, the company has taken advantage of the exemption available under s401 of the Companies act 2006 from the preparation of consolidated financial statements.

These financial statements present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents the sales value of goods and services supplied to customers and net of VAT. Turnover on the sale of a vehicle is recognised upon despatch of the vehicle to the dealer.

Turnover on long-term engineering contracts is recognised on the basis of the stage of completion of such contracts at the balance sheet date, where the contract outcome can be assessed with reasonable certainty. Related costs are included in cost of sales. Full provision is made for all foreseeable losses on contracts entered into before the year end.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

1. Accounting policies (continued)

Turnover (continued)

Turnover on other engineering contracts and activities is recognised when the service or solution has been delivered and customer acceptance has occurred.

Amounts are included within accrued income and payments in advance on engineering contracts to recognise timing differences arising between amounts invoiced and received and amounts recognised in the profit and loss account on individual engineering contracts.

Tangible fixed assets

The cost of tangible fixed assets is their historic purchase cost or valuation, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, over their estimated useful economic lives at the following principal rates:

Freehold buildings	40 years
Plant and machinery	2 to 10 years
Motor vehicles	4 years
Fixtures, fittings and equipment	2 to 10 years

Freehold land is not depreciated. Vehicle tooling costs are depreciated on a straight line basis over the period which the products are expected to be sold.

Assets in the course of construction are not depreciated. Depreciation begins with effect from the date that assets are brought into operational use.

Revaluation policy

On adoption of Financial Reporting Standard 15 (FRS 15), 'Accounting for Tangible Fixed Assets', the company elected to retain certain of its freehold land and buildings at a valuation undertaken on 31 March 1992. The company has not adopted a policy of annual revaluation since then, as allowed by the transitional provisions of FRS 15.

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (income-generating units).

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate based upon the company's weighted average cost of capital that reflects current market assessments of the time value of money and the risks specific to the company.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

1. Accounting policies (continued)

Research and development

Development costs that meet the capitalisation criteria of SSAP 13, 'Accounting for Research and Development' are capitalised as intangible assets. Amortisation of the assets begins once the associated vehicle goes into production. The amortisation is charged on a straight line basis over the period which the products are expected to be sold. Research costs and other development costs are expensed as incurred.

Stock and work in progress

Stock and work in progress are stated at the lower of cost (comprising direct materials and labour together with manufacturing overheads) and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for the cost of realisation. Where necessary, provision is made for obsolete, slow moving and defective stock.

Long-term contracts

The amount of long-term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work in progress. The amount by which recorded turnover is in excess of payments on account is included in debtors as accrued income. Payments in excess of recorded turnover and long-term contract balances are included in creditors as payments in advance on engineering contracts. The amount by which provisions or accruals for foreseeable losses exceed costs incurred, after transfers to cost of sales, is included within either provisions for liabilities and charges or creditors, as appropriate.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the date of the transaction. All foreign exchange differences arising thereon are included in the profit and loss account.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Lease incentives received in relation to leases taken out on buildings are treated as deferred income and released to the profit and loss account over the period to the first break clause as per the respective lease agreement.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

1. Accounting policies (continued)

Pensions

The company operates a defined benefit pension scheme, the Lotus Pension Plan, which is accounted for under the provisions of FRS 17, 'Retirement Benefits'. The assets are held in separate trustee administered funds. Full actuarial valuations are carried out every three years with interim reviews in the intervening years; these valuations are updated to 31 March each year by qualified independent actuaries. The last full actuarial valuation was performed as of 31 December 2014. For the purpose of these updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method. These liabilities are discounted at the current rate of return on a high quality corporate bond of equivalent currency and term. The current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the scheme's assets, net of the impact of the unwinding of the discount on the scheme's liabilities, is included within other finance income. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised, net of the related deferred tax, in the statement of total recognised gains and losses. A pension asset is recognised to the extent that the entity has an unconditional right to access the asset either through reduced contributions or as a lump sum.

The company also operates a defined contribution pension scheme, on behalf of its employees, the assets of which are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged to the profit and loss account in the period to which they relate.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost in the financial statements of the company. Provision against the underlying cost of investments in subsidiaries is made, where in the opinion of the directors, there is a permanent diminution in the value of the underlying business.

Deferred income

Payments made in advance on engineering projects are treated as deferred income and recorded on the balance sheet.

Provisions

In accordance with FRS 12, 'Provisions, Contingent Liabilities and Contingent Assets', the company provides in full for liabilities when it has a legal or constructive obligation arising from a past event.

Warranty provision

Provision is made for the estimated liability on all products under warranty in addition to claims already received. The provision is based on experienced levels of claims arising during the period of warranty and the average cost of fulfilling these claims on a model by model basis.

Government Grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. Government grants for engineering programmes are recognised as other income over the periods necessary to match them with the related costs incurred. Government grants related to intangible and tangible fixed assets are treated as deferred income and released to the income statement over the expected useful economic lives of the assets and sufficient measurability of the amount.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

2. Turnover

	2015 £'000	2014 £'000
Turnover by class of business		
Sales of cars and parts – Lotus Cars division	72,820	66,595
Engineering consultancy – Lotus Engineering division	10,556	7,262
	83,376	73,857
Turnover by geographical market supplied		
United Kingdom	25,782	16,634
Continental Europe	27,927	21,138
North and South America	4,635	15,793
Rest of the world	25,032	20,292
	83,376	73,857
Turnover by geographical origin		
United Kingdom	83,376	73,857

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

3. Operating loss

	2015 £'000	2014 £'000
<hr/>		
The operating loss is stated after charging/(crediting):		
Operating lease rentals:		
- plant and machinery	70	70
- other	988	1,030
Depreciation of tangible fixed assets:		
- owned assets	5,238	6,026
Research and development:		
- expenditure on research	30	772
- amortisation of capitalised development costs	4,709	6,784
- impairment of capitalised development costs	207	6,802
Profit on disposal of tangible fixed assets	(129)	(14)
Net foreign exchange (gains)/losses on trading activities	(815)	2,615
Restructuring costs – redundancy costs	2,455	-
Auditor's remuneration:		
- fees payable to the company's auditor for the audit of the financial statements	59	58
- other services relating to pension scheme advice	22	44
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Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

4. Directors' emoluments

	2015	2014
	£'000	£'000
Aggregate emoluments	345	291

None of the directors (2014: none) had share options or retirement benefits accruing under either a defined benefit scheme or defined contribution pension schemes.

	2015	2014
	£'000	£'000
The emoluments of the highest paid director amounted to:		
Aggregate emoluments	345	291

5. Employee and pension costs

The average monthly number of persons employed by the company (including executive directors) during the year was as follows:

	2015	2014
	Number	Number
Category		
Management and administration	608	642
Production and sales	287	304
	895	946

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

5. Employees and pension costs (continued)

The aggregate payroll cost of these persons was as follows:

	2015 £'000	2014 £'000
Wages and salaries	37,302	35,124
Social security costs	3,313	3,708
Other pension costs	1,437	1,262
	42,052	40,094

Other pension costs comprise the following:

	2015 £'000	2014 £'000
Charges in respect of the defined benefit pension scheme (note 17)	1,388	1,262
Contributions to defined contribution pension schemes	49	-
	1,437	1,262

At 31 March 2015, outstanding pension obligations amounted to £215,000 (2014: £295,000)

6. Interest

	2015 £'000	2014 £'000
Interest receivable and similar income		
Interest from bank deposits	25	3
Interest from customers	124	124
Net foreign exchange gain on loan from intermediate holding company	-	5,230
	149	5,357
Interest payable and similar charges		
Bank loans	-	(8,693)
Net foreign exchange loss on loan from intermediate holding company	(9,510)	-
	(9,510)	(8,693)
Other finance charges		
Charge in respect of the defined benefit pension scheme (note 17)	(141)	(249)

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

7. Tax on loss on ordinary activities

a) Analysis of charge in the year

	2015 £'000	2014 £'000
Current taxation		
UK Corporation tax at 21% (2014: 23%)	-	-

b) Factors affecting taxation charge in the year

The standard rate of UK corporation tax for the year was 21% (2014: 23%). The tax charge for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(39,046)	(65,552)
Loss on ordinary activities at standard rate of corporation tax in the UK of 21% (2014: 23%)	(8,200)	(15,077)
Effects of:		
Depreciation in excess of capital allowances	2,467	1,451
Other short term timing differences	(204)	20
Income not taxable	(11)	(345)
Expenses not deductible for tax purposes	2,003	1,411
Pension contribution relief in excess of net pension charge	(136)	(387)
Tax losses carried forward	4,081	12,927
Total current tax charge for the year	-	-

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

7. Tax on loss on ordinary activities (continued)

c) Factors affecting future taxation charges

The standard rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. The Finance Act 2015, which received Royal Assent on 26 March 2015, states that this rate will not change for the year ending 31 March 2016. Deferred tax assets and liabilities at 31 March 2015 and 2014 have been calculated at 20%.

In his budget of 8 July 2015, the Chancellor of the Exchequer announced tax rate changes, which, if enacted in the proposed manner, will have an effect on the group's future tax position. These additional changes will reduce the standard rate of UK corporation tax from 20% to 19% from 1 April 2017, and 18% from 1 April 2020. These proposed changes had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements. The effect of these announced reductions is not likely to be material.

The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company.

d) Deferred tax

The unrecognised deferred tax asset is analysed as follows:

	2015	2014
	£'000	£'000
Depreciation in excess of capital allowances	16,433	15,044
Short term timing differences	443	638
Unutilised tax losses	85,686	83,093
Deferred tax on pension liability	1,015	914
Unrecognised deferred tax asset	103,577	99,689

No deferred tax asset has been recognised in relation to these timing differences as there is insufficient reliable evidence that they will reverse in the foreseeable future against taxable profits.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

8. Intangible assets

	Capitalised development costs £'000
Cost	
At 1 April 2014	100,639
Additions	20,096
Disposals	(2,710)
At 31 March 2015	118,025
Accumulated amortisation	
At 1 April 2014	79,574
Charge for the year	4,709
Impairment charge for the year	207
Disposals	(2,710)
At 31 March 2015	81,780
Net book amount	
At 31 March 2015	36,245
At 31 March 2014	21,065

Intangible development costs and tangible fixed assets (see note 9) have been reviewed for impairment at an income generating unit level by reference to the recoverable amount based on a value in use calculation. The key assumptions in the model are sales growth and the discount rate. Sales are included in the first five years at the growth levels projected in the strategic business plan and after that projected at a rate appropriate to the lifecycle of the company's products.

The pre-tax discount rate of 12% (2014: 12%) is based on the directors' estimate of the return on capital appropriate to the income generating unit. They also depend on increasing the number of dealers and reintroducing vehicles into the United States market.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

9. Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings, tooling, equipment and motor vehicles	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2014	42,425	34,466	55,383	12,019	144,293
Additions	-	443	1,590	110	2,143
Transfers	2,326	3,953	-	(6,279)	-
Disposals	(3,698)	(3,965)	(20,336)	-	(27,999)
At 31 March 2015	41,053	34,897	36,637	5,850	118,437
Accumulated depreciation					
At 1 April 2014	13,512	32,771	45,740	-	92,023
Charge for the year	936	1,129	3,173	-	5,238
Transfer	3,447	3,953	(7,400)	-	-
Disposals	(3,698)	(3,965)	(19,054)	-	(26,717)
At 31 March 2015	14,197	33,888	22,459	-	70,544
Net book amount					
At 31 March 2015	26,856	1,009	14,178	5,850	47,893
At 31 March 2014	28,913	1,695	9,643	12,019	52,270

The historic cost net book value of freehold land and buildings at 31 March 2015 was £28,400,000 (2014: £25,291,000). All other tangible fixed assets are carried at cost.

Assets in the course of construction relate to the development of the manufacturing site, plant, machinery, fixtures and information systems which was started but not completed at the year end.

Included in freehold land and buildings is land cost of £982,000 (2014: £982,000) which is not depreciated.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

10. Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 April 2014 and 31 March 2015	68
Provision for impairment	
At 1 April 2014	-
Charge for the year	68
At 31 March 2015	68
Net book amount	
At 31 March 2015	-
At 31 March 2014	68

At 31 March 2015, the directors considered the carrying value of the investment in Lotus Engineering Company Limited through a comparison to the net assets of the subsidiary undertaking and concluded that an impairment charge of £68,000 (2014: £nil) was required.

At 31 March 2015, the company owned 100% of the issued ordinary share capital of the following entities:

	Country of incorporation	Nature of business
Lotus Engineering Limited	England and Wales	Dormant company
Lotus Engineering Malaysia Sdn Bhd	Malaysia	Non trading company
Lotus Engineering Company Limited	China	Engineering consultancy

11. Stock

	2015 £'000	2014 £'000
Raw materials	8,758	10,871
Cars in course of production and other work in progress	2,785	1,939
Service stocks	6,384	7,896
Finished goods	2,971	5,877
	20,898	26,583

The difference between purchase price or production cost of stock and the replacement cost is not considered material by the directors.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

12. Debtors

	2015	2014
	£'000	£'000
Trade debtors	14,411	9,210
Amounts owed by other group undertakings	237,994	239,815
Amounts owed by intermediate parent undertakings	1,202	807
Amounts owed by immediate parent undertaking	346	135
Other debtors	1,970	1,172
Prepayments and accrued income	2,477	4,468
	258,400	255,607

The amounts owed by other group undertakings, intermediate parent undertakings and immediate parent undertaking are unsecured, non interest bearing and have no fixed repayment date.

13. Creditors – amounts falling due within one year

	2015	2014
	£'000	£'000
Deferred income relating to government grant	10,440	10,018
Payments in advance on engineering contracts	1,254	5,654
Trade creditors	8,475	10,980
Amounts owed to intermediate parent undertaking	29,019	292,540
Amounts owed to other group undertakings	16,747	7,465
Other taxation and social security	932	1,303
Accruals and deferred income	8,190	7,379
	75,057	335,339

The amounts owed to the intermediate parent and other group undertakings are unsecured, non-interest bearing and have no fixed repayment date.

Deferred income relating to a government grant will be released to the profit and loss account upon the completion of the related new development project and apportioned based on the employment headcount as set out in the grant conditions. At the end of the 5 year monitoring period surplus funds will need to be repaid on a pro rata basis if the employment headcount per the grant agreement is not achieved. The government grant is secured by a bank guarantee.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

14. Creditors – amounts falling due after more than one year

	2015	2014
	£'000	£'000
Loans owed to parent undertaking (note 15)	176,901	176,920

The amount owed to parent undertaking comprises a loan from Group Lotus plc. Group Lotus plc has provided confirmation to the company indicating that it will not seek repayment of the loan for a period of at least one year from the date of signing these financial statements. The loan is unsecured, non-interest bearing and have no fixed repayment date.

15. Loans and other borrowings

	2015	2014
	£'000	£'000
Loans from parent undertaking	176,901	176,920

Maturity of financial liabilities

In more than two years, but not more than five years	176,901	176,920
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The loans from parent undertaking comprises of loans from Lotus Group International Limited. Lotus Group International Limited has provided confirmation to the company indicating that it will not seek repayment of the loan for a period of at least one year from the date of signing these financial statements. The loans are unsecured, non-interest bearing and have no fixed repayment date.

16. Provision for liabilities

	Redundancy provision £'000	Warranty provision £'000	Total £'000
At 1 April 2014	-	9,381	9,381
Charge to profit and loss	2,822	895	
Provision utilised	(2,822)	(3,134)	
At 31 March 2015	-	7,142	7,142

All vehicles sold by the group have a warranty period of up to 36 months. Provision is made based upon the directors' best estimate of potential future claims under warranty. The provision is expected to be utilised within the next 3 years. The provision has not been discounted as the directors consider the effect to be immaterial.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

17. Defined benefit pension scheme

Defined benefit pension scheme

The company operates a defined benefit pension scheme, the Lotus Pension Plan. The assets are held in separate trustee administered funds.

A triennial actuarial valuation using the projected unit basis was carried out at 31 December 2014 and updated to 31 March 2015 in accordance with FRS17 by an independent actuary. The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. The major assumptions used by the actuary were as follows:

	2015	2014	2013
Rate of increase in salaries	2.50%	4.30%	4.30%
Rate of increase in pensions in payment	2.00%	2.30%	2.30%
Discount rate	3.40%	4.50%	4.50%
Inflation	3.00%	3.30%	3.30%
Long term expected rate of return on:			
Equities	6.15%	5.55%	5.85%
Bonds	3.40%	2.80%	3.10%
Cash	3.40%	2.80%	3.10%

The assumptions used under the adopted mortality tables were as follows:

	2015	2014	2013
Longevity at age 65 for current pensioners			
- Men	87.1	87.2	87.4
- Women	89.1	89.4	89.6
Longevity at age 65 for future pensioners currently aged 45			
- Men	88.4	88.5	89.1
- Women	90.6	91.0	91.6

The assets in the scheme were:

	2015 £'000	2014 £'000	2013 £'000
Equities	76,140	70,887	62,476
Bonds	21,039	14,678	16,789
Cash	3,005	4,070	3,467
Total fair value of scheme assets	100,184	89,635	82,732

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

17. Defined benefit pension scheme (continued)

The following amounts at 31 March 2015 were measured in accordance with the requirements of FRS 17 "Retirement Benefits":

	2015 £'000	2014 £'000
Total fair value of scheme assets	100,184	89,635
Present value of scheme liabilities	(105,257)	(94,315)
Net pension liability	(5,073)	(4,680)

As disclosed in note 7, a deferred tax asset of £1,015,000 (2014: £914,000) has not been recognised in relation to these timing differences as there is insufficient reliable evidence that they will reverse in the foreseeable future against taxable profits.

Analysis of the amount charged to operating loss	2015 £'000	2014 £'000
Current service cost	1,388	1,262
Total operating charge	1,388	1,262

Analysis of the amount charged/(credited) to other finance charges	2015 £'000	2014 £'000
Expected return on pension scheme assets	(4,053)	(3,771)
Interest on pension scheme liabilities	4,194	4,020
Net charge to other finance charges	141	249

Analysis of amount recognised in consolidated statement of total recognised gains and losses ("STRGL")	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	5,632	996
Experience gains and losses arising on the scheme liabilities	5,204	148
Changes in assumptions underlying the present value of the scheme	(11,876)	-
Actuarial (loss) / gain recognised in STRGL	(1,040)	1,144
Cumulative loss recognised in STRGL	(14,439)	(13,399)

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

17. Defined benefit pension scheme (continued)

Reconciliation of present value of scheme liabilities	2015 £'000	2014 £'000
At beginning of the year	94,315	90,240
Current service cost	1,388	1,262
Interest cost	4,194	4,020
Employee contributions	899	774
Benefits paid	(2,211)	(1,833)
Changes to assumptions	11,876	-
Experience gains and losses arising on the scheme liabilities	(5,204)	(148)
At end of the year	105,257	94,315
Reconciliation of fair value of scheme assets	2015 £'000	2014 £'000
At beginning of the year	89,635	82,732
Expected return on scheme assets	4,053	3,771
Benefits paid	(2,211)	(1,833)
Scheme expenses	(1,193)	(1,183)
Actual return less expected return on pension scheme assets	5,632	996
Employer contributions	3,369	4,378
Employee contributions	899	774
At end of the year	100,184	89,635

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

17. Defined benefit pension scheme (continued)

History of experience gains and losses	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Defined benefit obligation	(105,257)	(94,315)	(90,240)	(74,425)	(68,985)
Plan assets	100,184	89,635	82,732	73,134	70,475
(Deficit) / surplus	(5,073)	(4,680)	(7,508)	(1,291)	1,490
Difference between the expected and actual return on scheme					
- Amount (£'000)	5,632	996	(5,992)	(2,857)	2,296
- Percentage of scheme assets	5.6%	1.1%	(7.2%)	(3.9%)	3.3%
Experience gains and losses on scheme liabilities:					
- Amount (£'000)	5,204	148	(1,384)	768	726
- Percentage of the present value of the scheme liabilities	4.9%	0.2%	(1.5%)	1.0%	1.1%
Total amount recognised in statement of total recognised gains and losses:					
- Amount (£'000)	(1,040)	1,144	(6,557)	(4,404)	9,221
- Percentage of the present value of the scheme liabilities	(1.0%)	1.2%	(7.3%)	(5.9%)	13.4%

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

18. Called up share capital

	2015 Number	2015 £'000	2014 Number	2014 £'000
Allotted, called up and fully paid				
At 1 April 2014	283,056,397	283,056	283,056,397	283,056
Issued during the year – Ordinary shares of	83,585,665	83,586	-	-
Issued during the year – Redeemable Preference Shares of £1 each	2,173,700	2,174	-	-
At 31 March 2015	368,815,762	368,816	283,056,397	283,056

On 31 December 2014, the company issued 83,585,665 ordinary shares to Group Lotus Plc. at par, in exchange for a loan. Furthermore on the same date the company issued 2,173,700 Redeemable Preference Shares of £1 each directly to Proton Holdings Berhad, an intermediate parent company, for a consideration of £217.4m in exchange for a loan of the same amount. The Redeemable Preference Shares hold no voting rights, otherwise the ordinary shares and the Redeemable Preference Shares rank pari passu in all aspects.

19. Reserves

	Share Premium £'000	Revaluation reserve £'000	Capital reserve £'000	Profit and loss £'000
At 1 April 2014	-	3,622	17	(442,515)
Loss for the financial year	-	-	-	(39,046)
Share premium - £99 on Redeemable Preference Shares of £1 each	215,196	-	-	-
Actuarial loss relating to the defined benefit pension scheme	-	-	-	(1,040)
Transfer of amount equivalent to additional depreciation on re-valued assets	-	(92)	-	92
At 31 March 2015	215,196	3,530	17	(482,509)

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

20. Reconciliation of movements in shareholders' funds / (deficit)

	2015 £'000	2014 £'000
Loss for the financial year	(39,046)	(65,552)
Issue of ordinary share capital at par	83,586	-
Issue of Redeemable Preference Shares for a premium	217,370	-
Actuarial (loss)/gain relating to defined benefit pension liability	(1,040)	1,144
Net addition to / (reduction in) shareholders' funds / (deficit)	260,870	(64,408)
Opening shareholders' deficit	(155,820)	(91,412)
Closing shareholders' funds / (deficit)	105,050	(155,820)

21. Capital commitments

	2015 £'000	2014 £'000
Contracted but not provided for	10,337	1,263

22. Financial commitments

At 31 March 2015 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2015 Land and Buildings £'000	2015 Other £'000	2014 Land and Buildings £'000	2014 Other £'000
Within one year	52	2	116	76
Between two and five years	270	-	215	25
After five years	525	-	525	-
	847	2	856	101

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

23. Ultimate parent undertaking

The immediate holding company of the ordinary share capital of the company is Group Lotus plc, a company incorporated in England and Wales.

The smallest group to consolidate the financial statements of Lotus Cars Limited is headed by Lotus Group International Limited, a company incorporated in England and Wales. The largest group to consolidate the financial statements of the company is headed by DRB-HICOM Berhad, a company incorporated in Malaysia. Copies of the DRB-HICOM Berhad consolidated group financial statements are available from Level 5, Wisma DRB-HICOM, No.2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

The directors regard Etika Strategi Sdn. Bhd, a company incorporated in Malaysia, as the ultimate holding company. The directors regard DRB-HICOM Sdn. Bhd., a company incorporated in Malaysia, as the ultimate controlling company.

24. Related party transactions

The company is exempt under the terms of FRS 8 from disclosing related party transactions with DRB-HICOM Berhad and other group companies.

25. Contingent liabilities

At the year end, the group has a number of claims from third parties, which in the directors opinion, did not have a material impact on the financial position of the group. Included within this was £4.7m of legal claims which are being contested with the likelihood of an adverse outcome being unlikely. The directors expect to resolve at no material cost.

In addition the company had the following guarantees in place at 31 March 2015:

	2015 £'000	2014 £'000
HM Customs and Excise duty bond	500	500
Government grant letter of credit	10,440	10,018
	10,940	10,518