

REGISTERED NUMBER: 05437330 (England and Wales)

**Annual Report and Financial Statements**

**For the year ended 31 December 2020**

**For**

**SAIC Motor UK Technical Centre Limited**

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SAIC Motor UK Technical Centre Limited

Contents of the Financial Statements  
For the Year Ended 31 December 2020

	Page
Company Information	1
Strategic Report	2
Directors' Report	5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7
Profit and Loss Account	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

SAIC Motor UK Technical Centre Limited

Company Information

For the Year Ended 31 December 2020

**DIRECTORS:**

Yong Lu (China)  
Xiaodong Yang (China)  
Huaping Kang (China)

**SECRETARY:**

Xiaomin Gao (China)

**REGISTERED OFFICE:**

100 New Bridge Street  
London  
EC4V 6JA

**REGISTERED NUMBER:**

05437330 (England and Wales)

**AUDITOR:**

Deloitte LLP  
Statutory Auditor  
1 Station Square  
Cambridge  
United Kingdom  
CB1 2GA

**BANKERS:**

HSBC Bank plc  
60 Queen Victoria Street  
London  
United Kingdom

## SAIC Motor UK Technical Centre Limited

### Strategic Report

For the Year Ended 31 December 2020

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

#### **PRINCIPAL ACTIVITY**

SAIC Motor UK Technical Centre Limited's principal activity is to provide a UK based high quality automotive design engineering service to the ultimate parent company SAIC Motor Corporation Limited ("SAIC Motor"), in China. The main activities are product design and emission testing. SAIC Motor UK Technical Centre Limited (SMTCUK) is part of the global technical centre organisation of SAIC Motor.

#### **BUSINESS PERFORMANCE**

There was neither a profit nor a loss in the current year or in the prior year. The profit and loss account is presented on page 12.

SMTCUK has benefitted from SAIC Motor's ambition of developing and selling its own brand of vehicles in China and overseas markets. This has resulted in a demand for engineering development work for SMTCUK. The work covers a wide span of engineering including architecture development, vehicle design, and test and validation. An increasing emphasis is now being placed on improving vehicle fuel economy and emissions to meet the ever more stringent regulations being introduced by regulators throughout the world.

The main challenge in the year for SMTCUK was to reposition the design activities so that SMTCUK provides the most benefit for SAIC Motor. This has involved increasing the focus towards advanced design and research and development.

The Technical Employment Agreement for the next 3 years was approved on 29th November 2020. Cost of sales has decreased by £2,192,000 due to the significant decrease in research and advanced engineering activities. The cash position has remained healthy with timely payments received from SAIC Motor to reimburse the operating costs of SMTCUK. Unused tax losses of the company are £nil (2019: £nil).

#### **Key Performance Indicators**

<b>KPI</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Headcount	16	125	(109)
Operating Cost (£000,s)	£3,538	£25,536	(21,998)
Research and Development Expenditure (£'000's)	£1,205	£3,397	(2,192)

The restructuring of SMTCUK in 2019 led to the decrease in headcount, spend on R&D activities and operating costs

## **FUTURE PROSPECTS**

The emphasis in 2020 and beyond for SMTCUK is to leverage its UK location and its proximity to Europe to understand latest automotive trends and technologies associated with automotive design and engineering and to cascade this learning into the design of the next generation of SAIC Motor own brand vehicles. SMTCUK will continue to lead the design development of vehicles for the UK market.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The automotive market is going through a period of rapid change in particular in the areas of autonomous vehicles, connected vehicles and electrification. This is placing increasing pressures on the availability of the design engineering skills to meet this challenge. SMTCUK recognises there is a risk of being able to obtain and more importantly retain the design engineering capability and technical skills required to meet this changing market place. To help manage the risk and uncertainty SMTCUK has implemented training initiatives and programmes to upskill the existing design engineering workforce.

There has been minimal disruption to the operation due to Covid-19 / lockdown.

## **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company's activities expose it to a number of financial risks detailed below.

### **Cash flow risk**

SMTCUK relies on a Technical Employment Agreement (TEA) with SAIC Motor which covers all operating costs incurred by the company.

### **Credit risk**

The company's principal financial assets are cash in the bank, cash on hand and intercompany receivables. The company has very little risk on trade receivables as its only customer is SAIC Motor and receivables from SAIC Motor are covered by the TEA agreement detailed in cash flow risk above. The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit-rating agencies.

### **Price risk**

The company's purchasing activities expose the company to the risk of changes in foreign currency exchange rates in particular the euro, in 2020 costs to the company from foreign exchange impact was -£2,000 (2019: £11,000).

SAIC Motor UK Technical Centre Limited

Strategic Report - continued

For the Year Ended 31 December 2020

**Liquidity risk**

The directors are of the opinion that should additional funding be required for ongoing operations and future developments that SAIC Motor would provide these funds.

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

Yong Lu - Director

Date: 1 September 2021

## SAIC Motor UK Technical Centre Limited

### Directors' Report

For the Year Ended 31 December 2020

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2020.

Details of future developments and financial risk management objectives and policies are covered in the Strategic Report and form part of this report by cross-reference.

### **RESEARCH AND DEVELOPMENT**

SMTCUK undertook a continual programme of research and development in areas associated with automotive design and engineering including new technologies and research projects in conjunction with leading universities.

### **GOING CONCERN**

In preparation of the financial statements, the directors have made an assessment of the company's ability to continue as a going concern.

The directors consider that the company is an integral part of SAIC Motor Corporation Limited ("SAIC Motor") and its future strategy and this is evidenced by the renewal of the Technical Employment Agreement which states its intent to reimburse the company's operating costs for a further period of 3 years from 1 June 2020 to 31 May 2023 and committing SAIC Motor to pay for technical and operational services provided by the company to SAIC Motor up to £30,000,000.

There have been no material uncertainties identified which would lead to significant doubt about the company continuing as a going concern. After considering the above factors, including assessing SAIC Motor's ability to provide funding according to the Technical Employment Agreement, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of not less than 12 months from the date the financial statements are signed. In forming this view, the directors have considered the £3,000,000 overdraft facility which was renewed in March 2020 will continue to be available for twelve months from the date of signing these financial statements. The parent company which guarantees this facility have confirmed in writing that they will continue to provide the necessary support for the foreseeable future.

The Group's forecasts and predictions take into account the directors' considerations of the impact of Covid-19.

Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

### **DIVIDENDS**

The directors do not recommend payment of a dividend for the year ended 31 December 2020 (2019: £nil) subsequent to the year end.

### **DIRECTORS**

The directors who served during the year and until the date of this report are detailed below:

Xu Ping (resigned on 25/02/2021)  
Xiaodong Yang (appointed on 19/09/2020)  
Huaping Kang (appointed on 27/11/2020)  
Yong Lu (appointed on 25/02/21)

### **ENVIRONMENTAL RESPONSIBILITY**

The company recognises the importance of environmental responsibility and aims to comply with all relevant environmental legislation.

SAIC Motor UK Technical Centre Limited

Directors' Report - continued  
For the Year Ended 31 December 2020

**IMPACT OF BREXIT**

The directors of the company have considered the potential impact of Brexit and believe there may be some impact on the business from global foreign exchange movements and freedom of movement of labour. Directors will continue to review the position for any impact on the business.

**AUDITOR**


Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make herself/himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Board Meeting.

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



.....  
Yong Lu Director

Date: 1 September 2021 .....



SAIC Motor UK Technical Centre Limited

Directors' Responsibilities Statement

For the Year Ended 31 December 2020

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 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

SAIC Motor UK Technical Centre Limited

Independent auditor's report to the members of SAIC Motor UK Technical Centre Limited  
For the Year Ended 31 December 2020

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of SAIC Motor UK Technical Centre Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

## SAIC Motor UK Technical Centre Limited

### Independent auditor's report to the members of SAIC Motor UK Technical Centre Limited (continued)

For the Year Ended 31 December 2020

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included The Data Protection Act 2018 and The UK Bribery Act 2010.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

SAIC Motor UK Technical Centre Limited

Independent auditor's report to the members of SAIC Motor UK Technical Centre Limited (continued)

For the Year Ended 31 December 2020

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

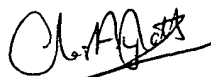
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Aylott FCA (senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Cambridge, United Kingdom

Date: ..10 September 2021..

SAIC Motor UK Technical Centre Limited

Profit and Loss Account

For the Year Ended 31 December 2020

	Note	2020 £'000	2019 £'000
<b>TURNOVER</b>	3	2,309	25,529
Cost of sales		(1,205)	(3,397)
<b>GROSS PROFIT</b>		1,104	22,132
Administrative expenses		(2,333)	(22,139)
Other operating income		1,230	16
<b>OPERATING PROFIT</b>		1	9
Finance expense	6	(1)	(9)
<b>RESULT BEFORE TAXATION</b>	5	-	-
Tax on result	7	-	-
<b>RESULT FOR THE FINANCIAL YEAR</b>		-	-

All activities derive from continuing operations.

There are no other items of comprehensive income or losses for the current year or prior year other than as stated in the profit and loss account, accordingly no separate statement of comprehensive income has been presented.

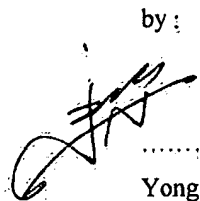
SAIC Motor UK Technical Centre Limited

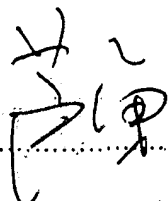
Balance Sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	3,564	4,102
<b>CURRENT ASSETS</b>			
Debtors	9	485	4,225
Cash at bank and in hand		203	48
		<u>688</u>	<u>4,273</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	(4,252)	(8,369)
<b>NET CURRENT LIABILITIES</b>		<u>(3,564)</u>	<u>(4,096)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>-</u>	<u>6</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	-	(6)
<b>NET ASSETS</b>		<u>-</u>	<u>-</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	-	-
Profit and loss account	14	-	-
		<u>-</u>	<u>-</u>

These financial statements of SAIC Motor UK Technical Centre Limited (Registered no. 05437330) were approved and authorised for issue by the Board of Directors on 1 September 2021 and were signed on its behalf by:

  
.....  
Yong Lu - Director

  
.....

SAIC Motor UK Technical Centre Limited

Statement of Changes in Equity  
For the Year Ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2019	2	-	2
Changes in equity			
Total comprehensive income	-	-	-
Balance at 31 December 2019	2	-	2
Changes in equity			
Total comprehensive income	-	-	-
Balance at 31 December 2020	2	-	2



## **I. ACCOUNTING POLICIES**

### **Accounting Policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

### **General information and basis of accounting**

SAIC Motor UK Technical Centre Limited (SMTCUK) is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

The financial statements have been prepared under the historical cost basis and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The financial currency of the company is considered to be pounds sterling because that is the primary economic environment in which the company operates

SMTCUK meets the definition of a qualifying entity and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements of its parent SAIC Motor UK Holding Co. Ltd, 100 New Bridge Street, London, EC4V 6JA.

Exemptions have been taken in relation to presentation of a cash flow statement, related party disclosures, basic financial instruments and remuneration of key management personnel.

### **Going concern**

In preparation of the financial statements, the directors have made an assessment of the company's ability to continue as a going concern.

The directors consider that the company is an integral part of SAIC Motor Corporation Limited ("SAIC Motor") and its future strategy and this is evidenced by the renewal of the Technical Employment Agreement which states its intent to reimburse the company's operating costs for a further period of 3 years from 1 June 2020 to 31 May 2023 and committing SAIC Motor to pay for technical and operational services provided by the company to SAIC Motor up to £30,000,000.

There have been no material uncertainties identified which would lead to significant doubt about the entity continuing as a going concern. After considering the above factors, including assessing SAIC Motor's ability to provide funding according to the Technical Employment Agreement, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for a period of not less than 12 months from the date the financial statements are signed.

The Group's forecasts and predictions take into account the directors' considerations of the impact of Covid-19.

Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements. In forming this view, the directors have considered the £3,000,000 overdraft facility which was renewed in March 2020 will continue to be available for twelve months from the date of signing these financial statements. The parent company which guarantees this facility have confirmed in writing that they will continue to provide the necessary support for the foreseeable future.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets on a straight-line basis over their expected useful life.

Plant and Machinery	10 years
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**1. ACCOUNTING POLICIES (continued)**

**Tangible fixed assets (continued)**

IT Equipment 4 to 5 years

Residual value is calculated on prices prevailing at the date of acquisition. Useful lives and residual values are reviewed at the end of every reporting period.

Properties in course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**Impairment of tangible assets**

At each reporting date, the carrying amounts of tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

**Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

The company has basic financial assets and basic financial liabilities.

**(i) Financial Assets**

Basic financial assets, including trade and other receivables, and cash and bank balances are recognised at transaction price. Trade and other receivables are reviewed at the end of each reporting period for impairment; any impairment is recognised in profit and loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled or b) SMTUCUK transfers to another party substantially all the risks and rewards of ownership of the financial asset or c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial Liabilities**

Basic financial liabilities, including trade and other payables and loans from other group companies are recognised at transaction price.

Loans from group companies are interest free and repayable on demand.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged cancelled or expires.

There is no offsetting of financial assets and financial liabilities in the financial statements.

**Taxation**

Current tax including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's

**1. ACCOUNTING POLICIES (continued)**

**Taxation - continued**

taxable profits and its results as stated in the financial statements that arise from the inclusion of the gains and losses in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited in the profit and loss account.

**Revenue**

Revenue represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Revenue from services rendered is recognised when the costs associated with the provision of the service have been incurred.

**(i) Interest income**

Interest income is recognised on the date of receipt.

**(ii) Other operating income**

Other operating income (excluding government grants) including service income is recognised when ownership of the item has transferred to the customer.

**Research and development**

Research and development expenditure is written off in the year in which it is incurred.

**Employee benefits**

The company provides a range of benefits to employees including annual paid holiday pay arrangements and defined contribution pension plans.

Short term employee benefits, including holiday pay and other similar non monetary benefits are recognised as an expense in the period in the service is received. The holiday entitlement year runs from October to September and management have concluded that with the festive break in December; the employees will have used up the holiday entitlement accruing to the end of December and so no provision will be required.

The company operates a defined contribution pension plan. This is a plan where the company pays contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences on normal trading transactions are reflected in the profit and loss account in the reporting period.

**1. ACCOUNTING POLICIES (continued)**

**Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable.

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred

In the reporting period no new grants were received.

**Leases**

The company has no finance leases.

Rentals under operating leases are charged on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with inflation, in which case the company recognises annual rent expense equal to amounts owed to the lessor.

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the reporting period it was concluded that there were no judgements and estimates of a material nature that would affect the carrying cost of assets and liabilities in the following year.

**3. TURNOVER**

The Company operates as a single business and geographic segment. All revenue comes from transactions with SAIC Motor in China.

**4. EMPLOYEES AND DIRECTORS**

**a) Staff costs**

The average monthly number of persons employed was:

	2020 Number	2019 Number
Management and administration (including directors)	2	17
Engineering staff	16	83
	<u>18</u>	<u>100</u>

SAIC Motor UK Technical Centre Limited

Notes to the Financial Statements - continued

For the Year Ended 31 December 2020

**4. EMPLOYEES AND DIRECTORS - continued**

**a) Staff costs – continued**

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	891	6,034
Social security costs	90	679
Other pension costs (see note 15)	38	291
	<u>1,019</u>	<u>7,004</u>

**b) Directors' Remuneration**

The company paid the following emoluments to the directors :

	2020 £'000	2019 £'000
<b>Directors' remuneration</b>		
Emoluments	-	72
Redundancy	-	280
Company contributions to money purchase schemes	-	6
	<u>-</u>	<u>358</u>

	2020 Number	2019 Number
<b>The number of directors who:</b>		
Received remuneration in the year and are members of a money purchase pension scheme	-	1

	2020 £'000	2019 £'000
<b>The remuneration of the highest paid director:</b>		
Emoluments	-	72
Redundancy	-	280
Company contributions to money purchase schemes	-	6
	<u>-</u>	<u>358</u>

The emoluments of the directors of the company are paid by SAIC Motor, the ultimate parent company which makes no recharge to the Company.

SAIC Motor UK Technical Centre Limited

Notes to the Financial Statements - continued  
For the Year Ended 31 December 2020

**5. OPERATING PROFIT**

Profit on ordinary activities is stated after charging/ (crediting):

	2020 £'000	2019 £'000
Fees payable to the company's auditor and its associates for other services:		
Tax compliance services	8	7
Other services	-	18
Foreign exchange (gain) / loss (net)	(2)	11
Impairment of tangible fixed assets	=	4,058
Depreciation of tangible fixed assets	472	1,460
Operating leases	706	1,084
Research and development expenditure	1,206	3,397
Government grants	(16)	(16)
Restructuring / Redundancy	=	4,280

Audit fees payable to the company's auditor have been paid by the ultimate holding company, SAIC Motor. Fees payable for the company were £40,000 (2019: £38,000).

**6. FINANCE EXPENSE**

	2020 £'000	2019 £'000
Interest payable and similar income	1	9

## 7. TAXATION

In the prior year, total current tax of £650k and a total deferred tax asset of £650k were incorrectly recognised in the tax expense table. Both of these have been restated to £nil.

In the prior year, the tax reconciliation note should have presented a non-deductible impairment charge of £771k, group relief of £394k and utilisation of carried forward losses of £419k. The comparative tax reconciliation has been restated to reflect this.

### The tax expense comprises:

	2020 £'000	2019 £'000 Restated
Total current tax	-	-
Total deferred tax	-	-
Total tax on result	-	-

### Reconciliation of total tax expense included in the profit and loss

The tax assessed for the year is the same as the standard rate of corporation tax in the UK

	2020 £'000	2019 £'000 Restated
Result before tax	-	-
Result multiplied by the standard rate of corporation tax in the UK of 19% (2019-19%)	-	-
Effects of:		
Transfer pricing adjustment	23	145
Other timing difference	(23)	(103)
Non-deductible impairment charge	-	771
Carried forward losses	-	(419)
Group relief	-	(394)
	-	-
<b>Total tax charge for year</b>	-	-

With the change in legislation for large companies, the company is no longer able to claim research and development tax credits but is able to make an RDEC claim which will result in a refund of tax from HMRC. The carried forward tax losses have been reduced and this has resulted in tax losses after adjustments being carried forward of £nil (2019: £nil). The company has unrecognised deferred tax assets relation to these tax losses of £205,000 (2019: £157,000). Other losses may be carried forward indefinitely.

**The standard rate of Corporation Tax in the UK is 19% with effect from 1 April 2020. In accordance with the Finance Act 2016, the UK corporation tax rate will reduce to 17% from 1 April 2020. Following the UK Budget announcements on 11 March 2020, the UK corporation tax rate shall not be reduced to 17% and shall remain at 19%.**



SAIC Motor UK Technical Centre Limited

Notes to the Financial Statements - continued  
For the Year Ended 31 December 2020

**8. TANGIBLE FIXED ASSETS**

	<b>Plant and machinery and equipment £'000</b>
<b>Cost</b>	
At 1 January 2020	15,737
Additions	49
Disposals	(3,281)
	<hr/>
At 31 December 2020	12,505
	<hr/>
<b>Accumulated depreciation</b>	
At 1 January 2020	11,635
Charge for the year	472
Disposals	(3,166)
	<hr/>
At 31 December 2020	8,941
	<hr/>
<b>Net book value</b>	
At 31 December 2020	3,564
	<hr/>
At 31 December 2019	4,102
	<hr/>

The company had capital commitments for plant and machinery of £Nil (2019: £39,000).

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Amounts owed by Group undertakings	397	4,116
Other debtors	-	11
Other taxation	54	54
Prepayments	34	44
	<hr/>	<hr/>
	485	4,225
	<hr/>	<hr/>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Bank overdraft	-	671
Trade creditors	31	699
Amounts owed to Group undertakings	3,815	5,653
Other taxation and social security	29	23
Accruals	372	1,307
Deferred government grants	5	16
	<hr/>	<hr/>
	4,252	8,369
	<hr/>	<hr/>

Amounts owed to group undertakings are unsecured, interest free have no fixed date for repayment and repayable on demand.

SAIC Motor UK Technical Centre Limited

Notes to the Financial Statements - continued  
For the Year Ended 31 December 2020

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020 £'000	2019 £'000
Deferred government grants	-	6

**12. LEASING AGREEMENTS**

At the balance sheet date minimum lease payments under non-cancellable operating leases fall due as follows:

	2020 £'000	2019 £'000
Within one year	705	715
Within two to five years	1,400	2,105
	<u>2,105</u>	<u>2,820</u>

There were no commitments over five years.

**13. FINANCIAL INSTRUMENTS**

The carrying values of the company's financial assets and liabilities are summarised by category below.

The financial assets are measured at undiscounted amount receivable and financial liabilities are measured at undiscounted amount payable.

	2020 £'000	2019 £'000
<b><u>Financial assets</u></b>		
Trade and other debtors (see note 9)	-	11
Amounts owed by group undertakings (see note 9)	397	4,116
	<u>397</u>	<u>4,127</u>
<b><u>Financial liabilities</u></b>		
Trade and other creditors (see note 10)	31	699
Amounts owed to group undertakings (see note 10)	3,815	5,653
	<u>3,846</u>	<u>6,352</u>

**14. CAPITAL AND RESERVES**

Allotted, issued and fully paid:

Number	Class	Nominal value : £1 each	2020 £	2019 £
2	Ordinary shares		<u>2</u>	<u>2</u>

The company has one class of ordinary shares which carry no right to fixed income.

The profit and loss account reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**15. RETIREMENT BENEFIT SCHEMES**

The company operates a defined contribution scheme to provide benefits to employees. The total expense charged to profit or loss for the year ended 31 December 2020 amounted to £38,000 (2019: £291,000).

**16. CONTINGENT LIABILITIES**

There were no contingent liabilities at the end of the year (2019: £nil).

**17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is SAIC Motor UK Holding Co. Limited and parent of the smallest group to prepare consolidated financial statements. The ultimate parent undertaking and controlling party is SAIC Motor, in China, which is the parent of the largest group to consolidate these financial statements.

Copies of the SAIC Motor consolidated financial statements can be obtained from the Company Secretary at the registered address, SAIC Motor Corporation Limited, 5<sup>th</sup> Floor, Building A, No. 563, Songtao Road, Zhangjiang High-Tech Park, Pudong District, Shanghai, China.

**18. EVENTS AFTER THE BALANCE SHEET DATE**

During the period from the balance sheet date to the date that the financial statements were approved there were no significant events.